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NEWS SUMMARY

GENERAL

Carter wins back favour

President Carter, whose re-selection as Democrat candidate for the presidency has been threatened, has won back some lost ground.

Even opponents praised his manner and demeanour in giving a convincing explanation of his knowledge of brother Billy's dealings with the Libyan Government, which have become a major scandal.

Carter, it seems agreed, has strengthened his hand for next week's Democratic convention—and cut the impact of Senator Edward Kennedy's attempt to snatch the nomination. Jurek Martin, Back Page

Shipyard warning

British Shipbuilders' chairman Robert Atkinson has warned the Government that several members of his board are likely to resign if profitable warship yards are sold to private enterprise. Back Page

Abbey insists

Abbey National Building Society will make valuation reports available to house buyers—despite protests from the Royal Institution of Chartered Surveyors. Back Page

Iranians protest

Dozens camped on the Vatican mission lawn in Tehran, protesting about the arrest of 200-odd Iranians in the U.S. and another 70 in London. Parliament has rejected as a nominated deputy Admiral Ahmad Madani, beaten presidential candidate.

Carrier shadowed

RAF jets and a Navy vessel shadowed Soviet helicopter carrier Leningrad, which was escorted by a destroyer, as it sailed through the Channel, apparently bound for the Mediterranean.

Harrods spree

£60,000 a year precious metals dealer Alastair Ker-Lindsay, 40, and his wife, Anne, 33, daughter of Lord Bradbury, were jailed for six months in London for what was described as "a madly dishonest spree" at Harrods. They obtained goods worth £3,500.

Visiting . . .

Saddah Hussein is making, unannounced, the first visit by an Iraqi president to Saudi Arabia since Iraqs 1958 revolution. Chinas Foreign Minister Huang Hua has declined an invitation to visit India, thus cooling relations.

Cocaine seized

Three men and a woman, all Colombians, were interviewed by Scotland Yard, after £100,000 worth of cocaine was seized in London.

Briefly. . .

U.S. Juvenile Court judge has ordered Soviet 12-year-old Walter Polavcak, who seeks asylum instead of returning with his parents, to live with his Chicago aunt for six weeks.

Five Uganda judges are deciding whether the unseating of President Lule last year was legal.

Solomon Islands today has its first election since independence in 1978.

Zambian Manpower Minister Edgar Tekere was questioned by police who raided a Salisbury flat after the murder of a white farmer.

Government has conditionally approved a citizens band radio system. Page 5

BUSINESS

Sterling advances; Sugar recovers

● STERLING advanced 1.20 cents to close at $2.3550, partly in response to the clearing bank figures. Its trade-weighted index was 74.9 (74.6). Page 17

● DOLLAR weakened to DM 1.7760 (DM 1.7850) and its index was 84.4 (84.7). Page 17

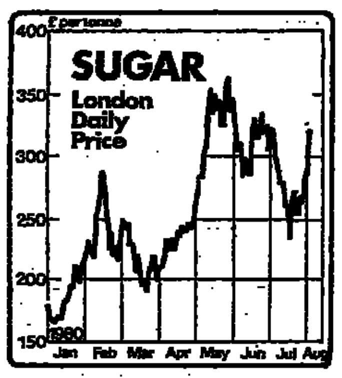
● GOLD closed unchanged in London at $629.5. Page 17

● GILTS reacted nervously to the July banking statistics and the FT Government Securities index closed 0.09 down at 70.15. Page 22

● EQUITIES also settled lower. The FT 30-share index fell 2.5 to 480.9. Page 22

● WALL STREET was 1.70 up at 932.76 near the close. Page 20

● SUGAR recovery continued, with the London daily raw price



rising a further £20 to £322 a tonne. Page 21

● CANADA is to sell 1m ounces of gold from its official reserves.

● FRANCE has relaxed its rules for vetting takeovers by EEC companies. Back Page

● HOPES of persualing the U.S. to adopt UK technical standards for teletext services have been dealt another blow. Page 4

● SIR JAMES Farmer Norton, one of Britain's oldest engineering companies, has been put into the hands of a receiver Page 5

● REO STAKIS has received Gaming Board approval for part of its proposed deal to buy provincial casinos from the Ladbroke Group. Page 16

● DUTCH Government is under pressure to charge more for gas exports. Page 2

● U.S. AIRLINES, hit by the recession and increased competition, are considering mergers. Page 18

● ITALY'S Prime Minister may be called on to settle the controversy over Alfa Romeo's proposed joint venture with Nissan of Japan. Page 4

● ARCHITECTS have voted for new measures which will give the profession greater commercial freedom. Page 5

● WEST GERMAN unemployment rose 9 per cent last month compared with June. Page 2

COMPANIES

● TAYLOR WOODROW, the building and civil engineering contractor, improved first half taxable profits by £0.5m to £8.16m on turnover £43m higher at £239m. Lex, Back Page; Page 14

● UNITECH electronics group lifted the pre-tax surplus to £5.26m (£3.56m) in the year to May 31, helped by a jump in component marketing profits. Page 15

● RENTOKIL GROUP, timber preservation and pest control concern, raised pre-tax profits to £6.6m (£5.81m) for the six months to June 30. Page 14

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Bestobell	268	− 12
Centreway Trust	155	+ 10	Blue Circle	358	− 10
Cropper (J.)	140	+ 7	First Nat. Finance	24	− 1½
Culter Guard Bdge.	25	+ 3	Henlys	90	− 4
Ellis and Everard	140	+ 4	Hillards	141	− 6
Hulett's	240	+ 15	Land Securities	362	− 4
Mills and Allen	300	+ 10	MEPC	224	− 5
Newarthill	325	+ 10	Milford Docks	115	− 25
Quest Auto.	157	+ 7	Mining Supplies	133	− 7
Regalian Prop.	32	+ 3	Neil and Spencer	75	− 5
Ward and Goldstone	72	+ 5	RMC	190	− 6
Wilkes (J.)	76	+ 4	Rotaprint	15	− 7
Anglo-Am. Gold	£40¾	+ ¾	Tarmac	266	− 8
Kinross	668	+ 19	Tate of Leeds	72	− 5
Kloof Gold	£14¼	+ ⅜	Taylor Woodrow	463	− 13
Stilfontein	933	+ 18	UDT	62	− 3
FALLS			Union Discount	478	− 22
Treas. 12pc 1984	£95¾	− ½	Vosper	183	− 7
Treas. 13pc 2000 (£30 pd.)	£32	− 1	Central Pacific	£30	− 1½

Money supply rise hits monetary policy

By PETER RIDDELL, Economics Correspondent

THE GOVERNMENT's monetary policy has been knocked off balance following a 5 per cent rise in the money supply last month.

This rules out an early cut in minimum lending rate, certainly for a month and possibly for two or three months.

A record monthly increase in money supply was indicated by the Bank of England after the announcement of preliminary figures for mid-July. This produced considerable confusion in City financial markets, and prices of gilt-edged stocks fell sharply.

A large part of the increase last month can probably be explained by unwinding of distortions within the financial system which built up before corset controls on the banks ended in mid-June.

Consequently, the Government intends to take no action in the immediate future, especially as it believes that the money supply is under reasonable control, and that the policy is succeeding in its main objective of cutting the inflation rate.

There is no doubt that the policy is at present in a mess, and that hopes of gradually reducing interest rates are stalled for the time being.

The major problem, for both officials and the markets, is knowing what is happening. The authorities yesterday said it was difficult to interpret figures so heavily distorted, since it was impossible to assess the underlying trend.

This difficulty may continue for at least another month or two, since so far only about £1bn of the £2½bn of acceptances held outside the banking system (in order to evade the corset) has been switched back within the measured money supply. Further switching may inflate the figures for both August and September.

The official preference is to wait and see until it is possible to distinguish the trend and present undistorted figures. If the latter are satisfactory, and given the evidence of a deepening recession, the hope is that it will then be possible to cut MLR.

A major difficulty arises over the monetary target, at present a 7 to 11 per cent annual rate of increase of sterling M3, the broadly defined money supply. The 5 per cent jump in July and a revision upward of earlier figures mean that the annual rate of growth is about 22 per cent since the start of the target to in February.

The Government will not try to compress the growth back down to within the range in the next two or three months.

The current target is due to be reviewed in October or November, and it is likely that the Government will, if possible, isolate the corset distortions and ensure that the new limits reflect the underlying rise after taking account of any overshoot on the base.

Even after allowing for the uncertain size of the distortions, the underlying trend may not yet be favourable. Private-sector demand for credit remains at a high level, particularly because of financial pressures on manufacturing industry.

Public spending and borrowing have also been buoyant so far this financial year, and soothing words from Whitehall have not convinced all policy-makers.

The size of the corset distortions, at least double original estimates, raises major questions about the past conduct of monetary policy by the Bank of England and the Treasury, and casts doubt on the invention of the corset in 1973 by the Bank.

The figures show that the underlying rate of monetary growth in the last two years has been much higher, possibly around 16 to 17 per cent, than suggested by the published figures.

The existence of the corset, a limit on the growth of certain of the banks' interest-bearing deposits, encouraged several types of evasion.

The Bank estimated yesterday that a fall in the volume of bank acceptances held outside the banking system, the main leak, was equivalent to about one-third of the increase in sterling M3 last month.

There also appears to have been a large increase in the banking system's claims on the

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TUC hits at closed shop codes

BY NICK GARNETT, LABOUR STAFF

THE GOVERNMENT published yesterday the draft codes of practice on picketing and the closed shop to supplement the Employment Act which became law at the end of last week.

The codes, which will be distributed for consultation and possible amendment before Parliamentary approval is sought in the autumn, were generally supported by employer bodies yesterday but severely criticised by the TUC.

Designed as practical guidelines for the conduct of industrial relations, the codes do not impose legal obligations. But relevant elements of the codes will be taken into account in court, industrial tribunal and Central Arbitration Committee proceedings.

The draft code on the closed shop, which drew the strongest attack from unions, includes some very firm and strong guidance on the setting up and operation of closed shop agreements. However, it stresses tolerance and flexibility.

This guidance includes the use of periodic reviews of existing and new closed shop arrangements. There is also detailed advice to employers and, more particularly, unions, on procedures they should adopt in deciding whether a closed shop should be set up and the treatment of union members and other workers affected by such agreements.

The Government stresses that issuing the code does not imply that it supports closed shops—on the contrary it argues that they run counter to the country's raditions of personal liberty.

The draft code on picketing, which in certain respects is very similar to the TUC's own guideance booklet produced last year at the end of the lorry drivers strike, says that generally a maximum of six pickets would be sufficient to carry out peaceful and lawful picketing. It leaves the police with very large discretionary powers, however.

It provides advice on the organisation of pickets, relations between pickets and police and the movement of

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Civil Service must grow to meet rise in jobless

BY PHILIP BASSETT AND ROBIN PAULEY

THE GOVERNMENT will need to take on an extra 2,000 civil servants to deal with every rise of 100,000 in the unemployment total above the level of 1.8m.

This disclosure of the Government's calculation by the Commons' Treasury and Civil Service Select Committee is likely to be embarrassing to the Government, since it is publicly committed to a programme of Civil Service manpower cuts designed to reduce the size of the service to 630,000 by 1984.

A report from the committee says that since the first round of the present series of Civil Service cuts began in May last year, an increase of 11,500 posts has been allowed for to cope with extra benefit payments and increased law and order requirements.

It goes on: "In the future, more staff will have to be recruited to deal with rises in unemployment, of the order of 2,000 posts for every 100,000 additional wholly unemployed (excluding school leavers) over and above the 1.8m unemployed assumed for 1981-82."

The present unemployment total, excluding school leavers, stands at 1.6m.

The committee's disclosure is based on a confidential Civil Service Department memorandum, which makes clear that the extra 2,000 does not include any further staff needed for retraining work for the unemployed.

The memorandum also points out that changes in the level of unemployment do not always lead to the proportional staff adjustments needed to deal with benefit claimants.

The way the Department of Health and Social Security is run "without strategy or coherent policy" is heavily criticised in a report from the Social Services Select Committee.

One of the report's main concerns is whether unrealistic assumptions about unemployment levels will mean that far too little money has ben earmarked for unemployment benefit.

The public expenditure White Paper estimated adult unemployment in Britain, excluding school leavers, at 1.6m in 1980-81 and 1.8m in 1981-82 an dsubsequent years.

"Some independent economic analysts have forecast that as many as 2.5m people may be registered as out of work in 1982-83," says the report.

That would add £750 to the cost of the unemployment benefit programme. Unforeseen public spending requirements like that usually are met from the contingency reserve which will be £1.5bn in 1982-83.

"It is clear that meeting the costs of higher unemployment would severely strain the possibility of other contingencies being met. We are concerned that the reserve might be largely pre-empted if the White Paper's assumptions about unemploy- turn out to be unrealistic," the report says.

Details, Page 7

MPs face 2 days' work in 1

BY PHILIP RAWSTORNE

THE GOVERNMENT will attempt to cram a two-day programme into less than 24 hours in the Commons today in a bid to rescue its business from procedural chaos.

After an all-night sitting, Labour MPs yesterday caused havoc in the Parliamentary calendar.

Tuesday, in effect, never dawned in the Commons. It will now begin this afternoon. Wednesday is scheduled to start at about 3 am tomorrow —and if things go wrong, could last until Friday night.

The confusion was caused by Labour tactics to delay the Government's Housing Bill.

The Commons was due tot consider Lords' amendments to the Bill yesterday and return it to the Peers to be given the royal assent before the Parliamentary recess begins this weekend.

But Labour MPs, in spite of frantic Government attempts to restrain them, kept Monday's debate on the Consolidated Fund Bill going through the night.

They talked about the motor industry, family planning, ministerial patronage and Trident missiles.

Unflagging, they carried on throughout yesterday morning discussing such esoteric motions as "Clause stand part."

Mr. Terry Davies (Lab, Stetchford) alone spoke for nearly 2½ hours.

"I'm sorry I must get on," he repeatedly told interrupters.

Government business managers, afraid they might lose the Bill, which grants the Government nearly £42bn of public money, had to grin and bear it.

Amid uproar, the debate finally ended 20 minutes after Tuesday's session should have started. The sitting had lasted 24 hours, 20 minutes — the longest since June 1977 when the Commons sat for 31 hours, 3 minutes on the Price Commission Bill.

Under Parliament's rules, Tuesday's business was lost, and the Commons adjourned.

Mrs. Margaret Thatcher was told 20 minutes before she was due at the House for her bi-weekly question time: Noone could ask her now about her engagements for a day that no longer existed at Westminster.

Government departments hastily deferred announcements on such decisions as teachers' pay and the testing of goods vehicles.

The Lords sat on. So did the Commons Select Committee on Foreign Affairs. Everyone else went home.

Mr. Norman St. John Stevas hastily added Tuesday's business to today's programme in the Commons.

£ in New York

—	Aug. 4	Previous
Spot	$2.3555-3565	$2.3550-3570
1 month	1.55-1.50 dis	1.40-1.35 dis
3 months	3.52-3.47 dis	3.47-3.42 dis
12 months	6.95-6.85 dis	2.60-6.50 dis

Disclosure rules penalties urged

BY ANDREW FISHER

STIFF PENALTIES for those breaching the share disclosure provisions of UK company law were recommended yesterday in an official report on the purchase by De Beers Consolidated Mines of a 25 per cent stake in Consolidated Gold Fields.

Under the Companies Act all shareholdings above 5 per cent must be disclosed and the Department of Trade report said the Government should consider whether the South African-based De Beers broke the law in the course of its various purchases.

The report's publication coincided with a meeting of the Stock Exchange Council whose 48 members decided that one share purchasing method used by De Beers, the "dawn raid," should be brought under closer control.

There has been a series of Stock Exchange opens groups such raids this year. As the have bought shares in target companies, often in less than an hour, at prices far above the previous market level.

This has led to criticism that small shareholders, not in close touch with the London market, have been unable to take advantage of such operations. In many cases, however, the share price of the target company has remained high in the expectation of a full bid.

The Stock Exchange Council agreed that a tender system should be introduced to produce more equality of treatment for small and large shareholders.

Details of such a scheme, under which bids could be submitted by shareholders to a prospective buyer wanting to snap up shares quickly, have still to be worked out.

Stock Exchange representatives will put their views on a tender system at tomorrow's meeting of the Council for the Securities Industry, the City watchdog.

De Beers accumulated 14 per cent of Gold Fields' shares through secret purchases by nominee companies. It then revealed its identity in a spectacular "dawn raid" in February which gained it a further 11 per cent.

The De Beers report, written by two Department inspectors, said the company worked out its purchasing scheme with the express intention of avoiding the disclosure provisions

At one stage, late last year, one of its nominee companies, Brent, actually exceeded the 5 per cent limit by a small amount. De Beers told Gold Fields of this last month, saying the facts had only recently become known.

Prosecution of De Beers is not ruled out, but there have been no court cases as a result of any of the Department's inspections in recent years.

The two inspectors suggest the courts should have powers to deprive anyone breaching the disclosure rules "of the fruits of his enterprise" or to force a sale of the shares.

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Belgian regions gain limited self-government

BY MARGARET VAN HATTEM IN BRUSSELS

THE BELGIAN Parliament, after a marathon sitting which lasted throughout the weekend and all Monday, succeeded early yesterday in passing a Bill granting limited autonomy to Dutch-speaking Flanders and French-speaking Walonia. MPs, worn down by hours of wrangling over more than 1,000 proposed amendments and eager to begin their summer recess finally approved the legislation by 156 votes to 19, with five abstentions.

Yet the Bill is unlikely to end the protracted language war which has stifled Belgian political activity for many years. *The most contentious issue*—the status of Brussels—is not included in it.

The capital has been the biggest stumbling-block to successive governments' attempts to handle the devolution issue. Officially bilingual Brussels is a predominantly French-speaking island surrounded by Flemish territory. No one has yet found a satisfactory answer to the demands for linguistic rights of the many French speakers living in the outer suburbs, which technically constitute part of Flanders.

Mr. Martens: further hurdles ahead

This problem has been shelved for the time being. However, the Brussels-based francophones consider that the devolution of power to Flanders before their case is settled weakens their position. Initial hostile reaction from the Brussels Democratic Front of French Speakers (FDF) point to inevitable conflict ahead.

The first indication came yesterday, when Mr. Georges Desir, president of the Brussels' Council of Mayors, called on his fellow mayors to fly town hall flags at half-mast in protest.

The Bill passed yesterday provides for the setting up of assemblies and executive committees in each of the two regions, with authority over public health, roads, urban projects and related matters representing 10 per cent of the national budget. Wider national issues, such as finance, foreign affairs, education and defence, remain under control of the national government.

The passage of the Bill is part of the second phase of a three-phase devolution plan which enabled Mr. Wilfried Martens, the Prime Minister, to form a coalition Government last year after six months' stalemate.

The first phase, which was implemented immediately, delegated certain regional and cultural problems to four ministerial committees. The *third phase, not yet fully* defined but due to be implemented in 1982, will usher in full devolution.

The second "transitional and irreversible" phase will be complete when the three regions — Flanders, Wallonia and Brussels—each have their own assembly and their respective ministerial councils achieve the status of a regional executive.

France to tighten security at N-plants

PARIS — Rrance is planning to tighte nsecurity around nuclear power stations and to create special "flying radiological units" to cope with accidental leaks of radioactive materials.

The plans have ben worked out by Electricite de France, the state power monopoly, and the national Gendarmerie, the paramilitary security force run by the Defence Ministry.

Extra men will be added to Gendarmerie units in districts surrounding nuclear power stations to allow local units to increase the guard at nuclear installations as a precaution against sabotage.

The Interior Ministry will set up the units to deal with radioactive leaks, even though *the Government insists that* the country's nuclear installations have been designed to guard against the possibility of practically all major types of leaks.

The new units will operate in each of France's 16 national defence areas and co-operate with local fire brigades and police.

Meanwhile, the Council of State, France's highest administrative tribunal, approved a controversial Government decree allowing the dismissal of any employee at a nuclear plant whose behaviour during labour conflicts might endanger the installation's security. The unions have opposed the measure, saying it is designed to weaken their influence.

France has an ambitious nuclear-energy programme, which calls for the completion each year of at least four nuclear power stations of 1.3m KW *for the rest of the decade.* By 1990, nuclear energy is expected to meet 30 per cent of overall energy needs.

● M. Francis Perrin, former head of the French Atomic Energy Commission, said yesterday that countries such as Iraq could build atomic bombs in a few years and use them for blackmail.

He was commenting on the French Government's rejection of Israeli claims htat its controversial nuclear co-operation agrement with Iraq was endangering peace in the Middle East.

He told the newspaper France-*Soir that the quantity of* uranium which France is supplying to Iraq, along with other assistance in the form of training, equipment and manpower for a French-made experimental nuclear reactor is sufficient to give Iraq nuclear capability by the mid-1980s.

Agencies

Armenians claim attack at Lyons

A CLANDESTINE Armenian group claimed responsibility yesterday for an armed attack *on the Turkish consulate in the* French city of Lyon, AP reports from Beirut. A spokesman for the Secret Army for the Liberation of Armenia made the claim in Beirut, but gave no reason for the attack. Three people were wounded by the gunmen,

West Germany contracts 'the Lump'

British building workers hired to work in West Germany this summer have finished broke and without jobs, writes Roger Boyes in Bonn.

SEVERAL THOUSAND unemployed British workers have been seeking their fortune this *summer on the building sites of* West Germany, but many have ended up penniless and stranded having been duped by fly-by-night agents and casual sub-contractors.

British consulates in West Germany — which have to arrange the repatriation of some of the more *desperate cases*—report that the problem has become particularly acute in the past few months. There are about 50,000 British seasonal workers in West Germany at present and some 40 per cent of them are believed to be working illegally, that is untaxed and without a residence permit.

The main reason for this has been the activity of Dutch agents who have been recruiting in areas of high unemployment in Britain, such as Glasgow, Manchester, Liverpool and the north east, offering high wages to those workers prepared to go to West Germany. The men, overwhelmingly from the *building* trades, are transported to the Netherlands where they are allocated to building subcontractors and taken over the border to West Germany.

That is when the trouble starts. On average, a West German bricklayer earns about *DM28 (£6.70)* per hour, but the British workers hired by agents receive about DM16 (£3.80) per hour. The difference is pocketed by *the* agent. *In return,* the agent is supposed to ensure that the worker has adequate accommodation, that he has a residence permit and to take care of tax and social security payments. But consular officials say that many agencies fail to perform these functions and simply keep the money as profit.

On that sort of basis, the profit is high indeed. No agent operates with fewer than 30 workers. If the 30 put in two 50-hour weeks at a West German site and the agents are making *DM12* per person per hour, the agent earns something in the order of DM36,000 (£8,600), well worth the original investment in transporting the workers from Britain.

But it is a cut-throat business, according to consular officials, some agents fail to turn up at the end of the week to pay the workers, leaving them to fend for themselves—or often, to make their way to the nearest consulate *and ask for help.*

There is also the problem of "over-ordering." Sub-contractors, for example, may ask agents to find 50 British labourers to finish a building job by the end of the month. The agents then engage 150 to insure against workers changing their mind. *But if all 150 turn up at* Nijmegen, the main sorting centre, only the first 50 will be taken and the rest are left stranded.

In short, the "lump"—the illegal workforce in the British building trade—is simply being transferred to West Germany, where the construction sector is still relatively prosperous for West German employers. British workers are an attractive proposition. At present the contractors prefer not to recruit non-EEC workers. The British and Irish fit reasonably easily into the normal working pattern on West German building sites. Joiners and other craftsmen are in short supply there and the companies welcome any skilled workers.

In theory, the practice should benefit everybody concerned—the West German construction companies, the sub-contractors, the British jobless—and ought to be a practicable example of the advantages of the free movement of labour within the European Community guaranteed by the Treaty of Rome.

But as over-worked British Consular officials make clear, the business has gone sour at several points: the misleading advertisements in British newspapers promising workers more than can be delivered, the *dubious practices of some of* the Dutch agents, and the ultimate burden on Anglo-German relations when disappointed and angry workers take the law into their own hands.

As unemployment rises in Britain, the problem can only get worse. The British consulate *in Duesseldorf dealt with* 1,600 cases last year (code named DBS for distressed British subjects). This summer that figure has already been exceeded.

The consulate does not generally pay the fare home for disillusioned workers. Either relatives of the man are asked to put up the necessary sum or he is referred to the local West German Labour Office where he can be given work that will earn him enough to pay his fare home. If the authorities cannot find work for the man, then they pay for repatriation, a considerable burden on the taxpayer.

The latter option is not open to those workers, by far the majority, who comeon a one-year British visitor's passport. There is no way they can obtain a residence permit with such a passport and thus it is illegal for them to work at all.

There seem to be three points at which the regulations could be tightened but, even so, West German officials are not optimistic that all loopholes would be sealed. In the first place, the British authorities could publicise more widely a list of those companies who have a licence under the West German labour hiring law. These have to meet strict requirements and provide the necessary services for the hired workers. Many have a very good reputation for drawing up and honouring work contracts.

Secondly, as both West German and British officials discreetly indicate, the Dutch authorities could clamp down on the agencies operating out of the Netherlands. Hiring out building workers for work outside the Netherlands is illegal, but the problem is that many of the Dutch agents operate with West German accommoda*tion addresses.*

Finally, the West German authorities could tighten up on illegal work practices. But the building industry is a hard and often closed world and it is correspondingly difficult to register agencies many of whom disappear overnight. Some Social Democratic politicians favour banning the leasing of labour altogether. But the Social Democrats coalition partners, the Free Democrats, believe an all-out ban would simply force more agencies to operate illegally.

Unemployment jumps 9% in July

BY OUR BONN STAFF

FURTHER SIGNS of the economic slowdown in West Germany emerged yesterday with the news that unemployment rose steeply last month while industrial production continues to slide.

The Federal Office of Employment said that the number of people out of work had jumped by 71,000 to 853,200, a 9 per cent increase over June. Although a rise is normal in the June-July period, partly because young people leaving school, this latest jump was the largest for years. In July last year unemployment rose by only 6 per cent from the previous month. Some 3.7 per cent of the total workforce is now unemployed, compared with 3.4 per cent in June and 3.5 per cent in July, 1979.

Herr Josef Stingl, president for the Employment Office, made clear this was largely due to the economy slowing down. Many industries had not engaged usual summer staff and the effects of the first lay-offs were beginning to be felt.

The industrial output figures support this explanation. Production in manufacturing industry fell by 1 per cent from May to June, and in a two-month analysis May-June was 3.5 per cent down on March-April.

These figures include a dramatic drop in output in the construction sector, down 4.5 per cent from May to June on a seasonally adjusted basis. This appears to be clear evidence that the industry, hit by high interest rates and lower public spending, is beginning to cool off. Coal production is holding its own, but both capital and consumer goods production registered a fall.

A serious consequence of the economic slowdown appears to be that employers are steering clear of what the Employment Office calls "problem groups." According to a Government analysis of the labour market published yesterday, almost three-quarters of the unemployed belong to these problem groups, that is, workers over the age of 55, the handicapped, and workers without any qualification whatever. Moreover, unemployment is much higher among women. The male unemployment rate is 2.7 per cent while the rate for women is 5.2 per cent.

The Munich-based IFO economic research institute has forecast that the number of jobless in West Germany is likely to reach 1.1m next year.

Employment Ministry officials are slightly less pessimistic. They believe unemployment may creep up steadily next month but slacken slightly in September. The winter months will then see a sharp rise which, depending partly on the severity of the winter, will probably dictate the trend in the first half of 1981.

National day of mourning to mark Bologna bombing

BY RUPERT CORNWELL IN ROME

AS house-to-house searches and interrogations of known neo-fascist extremists continued throughout Italy, the Government declared a day of national mourning to mark today's funeral of the 76 victims of the Bologna bomb outrage.

Simultaneously with the ceremony in the city, which will be attended by political, civil and military dignitaries from President Sandro Pertini and Prime Minister Francesco Cossiga downwards, shops and tourist facilities will close. In Bologna, the unions have called a four-hour strike.

However, behind the silence strictly maintained by the investigating authorities, the impression is that little dramatic progress has been made in the hunt for those responsible. Political feelings are running high, though.

After a Cabinet meeting yesterday, the Government appealed for all citizens, whatever their political views, to rally round Italy's democratic institutions to help the state find and punish the ultra-right-wing terrorists presumed to have been behind the blast.

But Sig. Enrico Berlinguer, the Communist leader, made clear, in a rare editorial in the party newspaper l'Unita, the Communists' fear of a political cover-up, along the lines of those which had prevented full light being thrown on previous neo-fascist atrocities.

U.S. journalist called to Moscow court

MOSCOW — The Washington Post's correspondent in Moscow, Mr. Kevin Klose, said yesterday he had received a summons to appear as a witness in an undisclosed legal case. Mr. Klose (39) was due to appear at the Moscow Prosecutor's office yesterday morning but left instead on a previously arranged holiday to the United States.

Before his scheduled appearance, he had contacted the office and explained the situationto an official who agreed to postpone the meeting, but gave no details of the nature of the case, the journalist said.

Western reporters have taken *part in Soviet court cases* before, but there was no clue what Mr. Klose, who has recently been singled out for attack in the official Soviet Press for his articles, might be required to do.

Reuter

Swiss, Austrians to step up exchange of electricity

BY JOHN WICKS IN ZURICH

THE EXCHANGE of electric power between Switzerland and Austria is to increase with the construction of a direct high-tension line beween the two countries. The 380-kv line between the Engadine and western Tyrol, will cost Sch 781m (£26.3m) and be paid for jointly

The line will come into use in October, 1981, and carry Swiss nuclear power to Austria and peak Austrian current to Switzerland. In 1978/79, Switzerland exported 13.9bn Kwh—only 513m to Austria—and imported 9.9bn Kwh, some 627m Kwh from Austria. The *lack of a direct link had* prevented a greater exchange.

The new line will give Switzerland a direct connection to the Comecon grid when a project in eastern Austria is completed, but the Union of Swiss Power Stations says that *Switzerland will not become* dependent on Eastern European power. For the past 10 years, some 200m Kwh of Comecon current has been exported annually to Switzerland as barter payment for Swiss equipment.

Meanwhile, the Swiss civil engineering and power-station concern, Motor-Columbus, will soon apply for permission to build five hydro-electric units worth a total of SwFr 400m (£114m) on the Rhine. These stations on the Swiss-Liechtenstein frontier will produce some 440m Kwh annually.

Already, the Elektrowatt *concern has applied to build* seven hydro-electric plants on the Swiss Rhine between Domat-Ems and Flaesch, while Nordostschweizerische Kraftwerke AG is preparing the ground for two Rhine units at Ilanz.

Flooding hits crops in east Hungary

ABOUT 360,000 acres of crops in Eastern Hungary when *the Kettoes Koeroes* river system flooded yesterday, AP reports from Budapest.

Thousands of emergency workers managed to plug a burst dyke as a first step to controlling the floods in the river system that consists of the Tisza and its tributaries rising in Transylvania, Western Romania.

About 5,000 villagers were evacuated, along with livestock and belongings. There were no casualties, but damage to buildings, farmland and crops was thought to be very serious.

Ceausescu returns

President Nicolae Ceausescue of Romania returned to Bucharest after a one-day trip to the Crimea for talks with Mr. Leonid Brezhnev, the Soviet leader.

Mr. Charles Haughey: potentially damaging

9% of Irish workforce out of job

By Stewart Dalby in Belfast

UNEMPLOYMENT in Ireland is worsening. Latest government figures show 103,000 people on the unemployed register. Seasonally adjusted, this amounts to 100,000 people or 9 per cent of a workforce of some 1m.

But since the register excludes certain categories of farm-workers and school leavers and married women who may want to work but do not go on to the register when they become unemployed, the true figure is probably over 10 per *cent.*

This is the highest level for two years and, in the context of present Government policies and expectations, could be politically damaging to Mr. Charles Haughey, the Prime Minister.

When Mr. Jack Lynch, Mr. Haughey's predecessor, was returned to power in 1977, he promised to reduce unemployment to around 5 per cent by the early 1980s. Job creation programmes and the industrialisation drives of the Industrial Development Authority helped lower the jobless figure to 7 per cent at one stage.

But as public sector spending *cuts* became necessary and emigration to Britain fell because of the lack of work, unemployment [illegible] to creep up again.

As part of [illegible] onal wage agreement wh[illegible] trying to negotiate wi[illegible] he trades unions, the Government has pledged to create 22,000 jobs in the next two years. But the semi-state National Economics and Social Council has challenged whether this target can be met. Other economic observers feel certain that the number of jobless will rise.

Mr. Haughey faces an election before the summer of 1982 and is saddled with Mr. Lynch's pledge at the last election that any Government which allows unemployment to rise over 100,000 does not deserve to be re-elected.

Dutch bring Europe's cheap gas era to an end

BY CHARLES BATCHELOR IN AMSTERDAM

CHEAP GAS supplies from the Netherlands are about to dry up. The Government in The Hague is facing growing political and economic pressure to charge more for the natural gas it sells to West Germany, France, Italy, Switzerland and Belgium.

Export contracts signed during the 1960s and 1970s were *intended to dispose of the over-*abundant gas supplies discovered under Groningen province. By the end of the century, the argument went, nuclear energy would have relegated the gas stove to the industrial museum.

The energy crisis of 1973/74 persuaded the Dutch that gas was a precious and non-renew*able asset. They decided to* sign no more export contracts, and to reserve gas for household and high-grade industrial use in the Netherlands.

The second sharp increase in the Organisation of Petroleum Exporting Countries' oil prices last year confirmed the growing feeling that the gas already contracted for export was being sold too cheaply. Mr. Gijs Van Aardenne, the Economics Minister, has made two largely unsuccessful tours of foreign customers to persuade them to accept an early renegotiation of their contracts.

The Netherlands sells its gas to its five foreign customers under 14 separate contracts, 10 agreed with the semi-government distribution company Nederlandse Gasunie and four with private distributors.

Exports were 49.2bn cubic metres last year, 53 per cent of total sales. Domestic sales were 44bn, of which three-fifths went to the gas distribution companies, which in turn sell it to small users and households, while two-fifths went directly to industry.

West Germany is the Netherlands' largest foreign customer, taking 19.9bn cubic metres last year. France took 11bn, Belgium 10.4bn and Italy and Switzerland together 7.9bn.

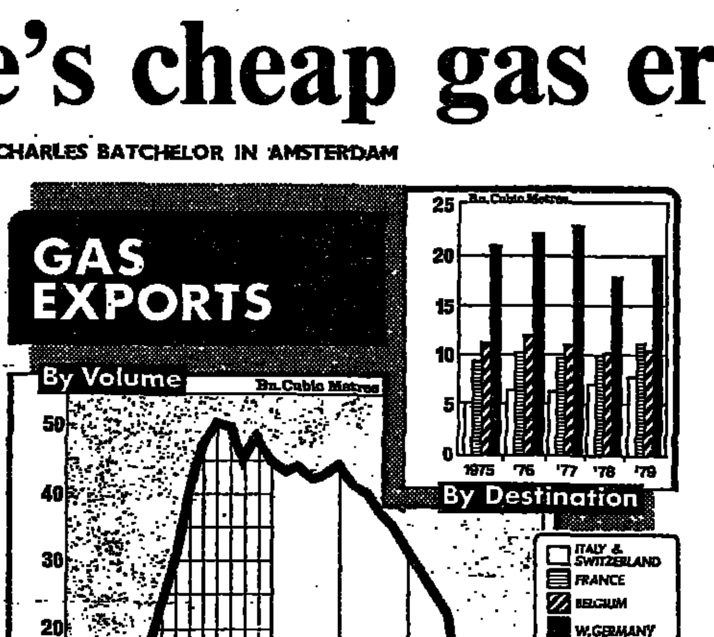
The prices the Dutch charge their foreign customers differ widely. *The average price in* 1978 was 12.5 cents a cubic metre. While Italy paid only 7.6 cents, France was being charged 13 cents, West Germany 13.1 cents and Belgium 14 cents. The discrepancy is partly explained by the fact that these prices are to the Dutch border, so that the customer faces differ*ing transport costs.*

More worrying is the discrepancy between the domestic and export prices, although transport costs are again important. The price paid by small Dutch users from last month is 32 cents a cubic metre, excluding 18 per cent value-added tax and an overhead charge of Fl 50 (£11) a year. The average export price since April has been 18.3 cents.

Many industries attracted to the Netherlands during the 1960s by the promise of cheap and abundant gas now gloomily calculate the savings they would have made had they set up over the border in Germany or Belgium.

A comparison with fuel oil prices further illustrates the relative cheapness of Dutch gas. Mr. Just Montijn, chairman of Shell Nederland, a partner in Nederlandse Gasunie, recently estimated a 30 per cent rise in the gas price was needed to bring it into line with fuel oil.

Dutch gas has always been cheap, but it has been growing even cheaper in recent years as prices failed to keep up with oil price increases. The gas export contracts are indexed to the European spot market price *for low-sulphur fuel oil* and some other products. The indexing is not complete, varying between 60 and 90 per cent and is delayed by six to 11 months. The rapid recent increases in the price of oil have left Dutch gas even further behind.



The Dutch have been growing impatient with their foreign customers' refusal to agree to an early renegotiation of higher prices more effectively linked to those of oil. The Government has now appointed a gas price commissioner, Mr. Dirk Spierenburg, the former Dutch representative at the European Community and at the North Atlantic Treaty Organisation.

Mr. Van Aardenne described this as a "final attempt" to negotiate higher prices. If this fails, the Government will be forced to raise prices unilaterally or, as a last resort, to halt deliveries.

The Dutch are reluctant to go that far. They might face a legal challenge to a unilateral price *rise, and they could damage rela*tions with foreign customers and governments. Good trading relationships are essential to a country so dependent on foreign trade.

The Government's growing financing deficit has forced it to maximise revenues from all possible sources and has moved gas policy into the political area. On the final day of the last parliamentary session at the end of June, MPs approved an opposition Labour Party motion calling for a unilateral rise in the gas export price within two months, unless the present negotiations achieve results. Only the Liberals, the junior member of the two-party governing coalition, opposed this motion, although they are also concerned at the delays.

The contribution of gas to the Dutch national account is considerable. One large bank estimated a balance of payments effect amounting to DFl 13.4bn in 1976, rising to DFl 20bn this year. The 1980 figure comprises DFl 9.1bn of export revenues and DFl 10.9bn worth of import substitution.

Its contribution to Treasury revenues is put at DFl 7.4bn in 1976, rising to DFl 12.3bn this year. The 1980 contribution consists of DFl 3.8bn of corporation tax and DFl 8.5bn worth of non-tax revenues. The Government takes 85 per cent of the revenues of the two *private gas exploitation com*panies, Royal Dutch Shell and Esso. Gas is expected to contribute 12.3 per cent of total Government revenue this year.

Proven Dutch gas reserves totalled 1,740bn cubic metres at the end of 1979, comprising 1,570bn cubic metres in onshore and offshore fields and 170bn of contracted imports. Proven reserves, 90 per cent certain of recovery, have fallen by only 130bn cubic metres over the past five years, compared with actual depletion of 460bn, Gasunie revealed in its annual gas review. The 330bn difference was made up by new *discoveries and new* import contracts.

Gasunie plans to sell 890bn cubic metres at home over the next 25 years and export 560bn cubic metres.

If expected reserves—with a 50 per cent chance of recovery—are taken into account, the *Netherlands has 2,600bn cubic* metres at its disposal. This could guarantee domestic supplies for up to 40 years if economic growth remains moderate and other fuels supplant gas in industry and power stations. Gas is expected to supply 30 per cent of Dutch energy in 2000, compared with nearly 50 per cent now.

An important part is played in Dutch energy strategy by imports. They are intended to preserve indigenous gas supplies for as long as possible. The large Groningen field, which accounts for 75 per cent of Dutch supplies, will be spared to take up peak winter demand or longer-term demand if imported supplies of other fuels are disrupted for political or military reasons.

At present, 3 per cent of Dutch needs are met by gas imports—all of it from Norway. Contracts have also been signed with Algeria and Nigeria for deliveries of liquefied natural gas, and talks with the Soviet Union are *expected to produce a contract* for pipeline gas within a few months.

Nigeria is expected to deliver 1bn cubic metres of gas a year starting in 1984/85. The Soviet contract would provide 5bn cubic metres a year, starting around the same time.

The Algerian contract, *signed* in 1977, is the most ambitious, but reveals a potential flaw in Dutch energy thinking. Projected Algerian deliveries of 5.6bn cubic metres a year for 20 years have already been counted towards proven reserves, although this contract is now in question.

Gasunie estimates that deliveries of Algerian liquefied natural gas will start at least a year after the original target date of *mid-1983.* Algeria would prefer to export its gas by pipeline across the Mediterranean, thus avoiding large *investments in liquefac*tion plant.

The Netherlands supports delivery by gas tanker as being cheaper, more secure, and providing jobs at home in construction work for a gas terminal. The Algerian gas is essential as the basic supply to the Dutch *reception plant,* which could also handle smaller quantities of liquefied gas from other suppliers.

Both the import and export sides of the equation will demand much attention over the next few years. With 52 per cent of its energy supplied by this one fuel, the Netherlands is the most gas-dependent country in the world.

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Japan's defence failings disclosed in White Paper

BY RICHARD C. HANSON IN TOKYO

EIGHTEEN major weaknesses in Japan's defence system are listed in the Defence Agency's 1980 White Paper published yesterday.

The document is the first of its kind to admit so many serious shortcomings in the country's defences. Its predecessors tended to concentrate on emphasising the threat to Japan's security from the Soviet Union's military build-up in the Far East. Among weak points listed are:

The ground self-defence forces are 14 per cent below full quota (180,000) and the pool of reserve forces (39,000) is tiny compared with other nations. Tanks and many of the force's other weapons are outdated or obsolete. Mobility is inadequate, given Japan's varied terrain.

The navy, charged with protecting Japan against seaborne invasion and securing sea lanes, would have difficulty doing either. It is not equipped to defend against nuclear submarines, lacks anti-aircraft capability and cannot deal with sophisticated mines.

The air force lacks adequate means to defend air bases, and is weak in electronic warfare. The country's intelligence gathering capabilities are also inadequate.

The Defence Agency apparently felt a healthy public airing of what it considers to be its most pressing problems was warranted by the shift in recent years of popular attitudes toward defence.

The last session of Parliament created a special committee on security to debate security-related issues. Public opinion polls, and recent elections have tended to indicate a growing uneasiness among voters over the international crises which have flared up over the past year or so.

The Defence Agency has played no small role in fanning opinion in its favour by pointing to the growing presence of the Russians in Japan's backyard. The latest report estimates that the Russians have increased their strength in the Soviet Union's Far Eastern territories over the past year, by two army divisions and 140,000 naval tonnes, plus new SS-20 missiles and Backfire bombers.

The Government's tentative budget plan for the next fiscal year from April 1, envisages an increase in nominal terms in defence spending of 9.7 per cent over the current year's budget. This may be enough to nudge the spending up to about 0.91 per cent of the country's gross national product from the 0.9 per cent level (Y2,230bn) of this year.

Tehran's anti-U.S. feeling hots up over detainees

BY PATRICK COCKBURN IN TEHRAN

IRAN'S PARLIAMENT yesterday rejected the credentials for membership of Admiral Ahmad Madani, who came second in January's presidential elections with 3m votes.

The move came amid a resurgence of anti-American feeling in Tehran over the arrest and hunger strike of nearly 200 Iranian student demonstrators in the U.S. Support for those pressing for the trial of at least some of the 49 U.S. hostages held in Iran since last November is increasing.

There were also dramatic reports here yesterday of the arrest of Iranian students in London. The official news agency said in a Persian language report: "The bloodthirsty British police with whips in their hands and riding horses, attacked the innocent students, hitting them with whips and their horses' hooves." A more restrained English-language version by the same agency said only that there had been 150 arrests.

The rejection of Admiral Madani by Parliament is evidence of how far the hostage issue and the speeches of Ayatollah Knomeini, Iran's leader, have radicalised the country in the past nine months. In May President Abol Hassan Bani-Sadr, asked the admiral to take over as Prime Minister in a bid to outflank the clergy-dominated Islamic Party majority in Parliament. But none of the President's supporters voted for Admiral Madani yesterday.

A group of deputies has now called for his arrest and prosecution. A parliamentary committee had already accused him of contact with the U.S. and other anti-revolutionary activities. Only Dr. Mehdi Bazargan, the former Prime Minister, voted for Admiral Madani

The re-emergence of the militant students holding the hostages as a potent political force in Tehran, demonstrated by a 200,000-strong demonstration outside the U.S. embassy on Monday night, makes any compromise over the hostages increasingly unlikely.

In London yesterday 72 Iranians appeared in court following Monday night's demonstration outside the U.S. embassy. They were charged with offences ranging from threatening behaviour to assaulting police officers and carrying offensive weapons.

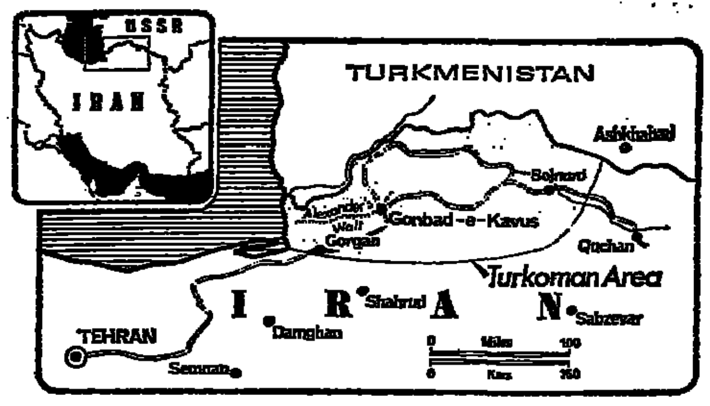
At one court 49 accused refused to give names and addresses until they had seen representatives of the Iranian embassy. They were remanded in custody for a week. Several said they would start a hunger strike.

At a second court 19 Iranians were remanded in custody after refusing to give details.

Four who gave their names and addresses were released on bail.

Russia's Turkoman gateway to the Gulf

BY SIMON HENDERSON RECENTLY IN GONBAD-E-KAVUS



IF THE Soviet Union one day invaded Iran, a main thrust would probably pass through the town of Gonbad-e-Kavus.

It is not hard to see why, for the route is militarily easy. A well-made dirt road stretches north from the town to the Soviet border. It is not an official crossing point, but last year's invasion of Afghanistan has already shown that Moscow cares little for bureaucratic niceties.

A political reason is also to hand. Gonbad-e-Kavus is in the country of the Turkomans, a tribal, formally nomadic people who are Moslems of the mainstream Sunni sect, caught up in the middle of Iran's Shi'ite Moslem revolution. On the Iranian side of the border they number perhaps only 500,000, but several times that number live in Soviet Turkmenistan.

Moscow fears the spread of Islamic Revolution. Like Afghanistan the Turkomans could serve as a buffer state.

The land of the Turkomans, with its bountiful harvests of wheat, cotton and rise, has for centuries been a tantalising target for invasion. Alexander the Great passed through here.

Vicious fighting has broken out twice between Turkomans and Persians in the town since last year's revolution. The Iranian army, with its greater firepower, had to move in both times to restore peace.

Nowadays, soldiers man checkpoints around the town, where ran uneasy calm prevails. The walls are daubed with political graffiti and the posters of rival groups. Critically, left-wing organisations from other parts of Iran have infiltrated to back the Turokmans. A pro-Khomeini slogan on a wall—"I would rather be dead than be a Marxist"—indicates the depth of feeling.

The whole question of the size and importance of the Left in Iran is perplexing for analysts. The groups range from Islamic Left-wingers to Maoists, and also include the pro-Moscow Tudeh party. The Tudeh slavishly supports Ayatollah Khomeini for the present. Other groups already despise him. It is not hard to see that the Left is slowly emerging as the principal opposition to clerical power.

Those in Gonbad-e-Kavus are mainly Fedayeen, members of one of the principal anti-Shah guerrilla groups. To them, the Turkomans probably seem a useful minority to politicise. The occasional fighting also gives them valuable combat experience, as do their alliances with the Kurds in western Iran.

But the Turkomans, unlike the Kurds, are not seeking autonomy or separation. Their difficulty is that they are probably a minority in their own territory. The rich agricultural land surrounding Gonbad-e-Kavus is also farmed by Zabolis and Baluchis from south-east Iran and Azari Turks from the north-west, brought in by the Shah and his father. Since the revolution, disputes have arisen

Aside from any *ad hoc* left-wing alliance, precious little Turkoman political organisation exists. The recent general election returned no Turkomans to the new Parliament.

Russian troops occupied parts of Iran during and after World War Two. The Turkomans would probably not welcome them on their territory, but it is not hard to imagine circumstances in which they could not argue.

West 'must seek Arab support on Afghanistan'

BY W. L. LUETKENS

THE BRITISH House of Commons' select committee on foreign affairs yesterday supported the allied view that it was imperative to work for a complete Soviet withdrawal from Afghanistan.

It recommended that support of the Third World and of the Arabs in particular should be courted. A failure to tackle the issues of the New Economic Order demanded by the Third World could ultimately affect its support for the Western position.

Priority should be given to solving the Palestine problem with the participation of the Palestin Liberation Organisation (PLO), provided it recognised the existence of Israel.

The recommendations were contained in a report published by the committee after six months of inquiries. Much of what it contains is in keeping with official thinking in the British Government and the western alliance. But the 12 Conservative and Labour members of the committee are critical of some aspects of the handling of the crises.

In particular they point to disparities in the western approach even to the point where the word detente has different meanings. To the U.S., detente is indivisible, but the report implies that some others believe that detente can be pursued in Europe despite Afghanistan.

Consultations about sanctions had been inadequate and the co-ordination of the western attitude to the Olympic Games had been ragged.

Chinese rebuff for India over Huang

By K. K. Sharma in New Delhi

MR. HUANG HUA, China's Foreign Minister, has decided to reject the Indian Government's invitation to visit India this year, according to diplomats in the Indian capital.

Although the ostensible reason is that he is too busy to come in October as proposed, the rejection is clearly intended as a rebuff to India. The Indian Government has yet to be told formally of the Chinese decision.

Relations between the two states had been improving after two decades of friction following a border war in 1962. But the Chinese have been increasingly worried by what they consider India's tilt towards the Soviet Union following the Russian invasion of Afghanistan.

They also deeply resented India's decision last month to recognise the Vietnamese and Russian-backed Heng Samrin regime in Kampuchea.

It was expected that the Sino-India border issue would be discussed during Mr. Huang Hua's visit. The Chinese Vice-Premier Mr. Deng Xiaoping, recently proposed a deal for settling the question which involved recognition of the "line of actual control" as the de jure border in the western and eastern sectors of the frontier.

The proposal was not accepted by India but Mr. P. V. Narasimha Rao, the External Affairs Minister, made clear that he had not closed the door to discussions on the subject

Begin reply inadequate for Sadat

By Our Tel Aviv Correspondent

ISRAELI LEADERS replied to President Sadat yesterday in a message which seemed unlikely to soothe his anxiety over Jerusalem in any resumed round of Palestinian autonomy talks.

The reply was drafted by Mr. Menahem Begin, the Prime Minister, and duly approved by the five Cabinet Ministers most involved in autonomy negotiations. Their leader, Mr. Yosef Burg, the Interior Minister, said the Note was framed in moderate language and set forth Israel's stand on all autonomy issues as well as on the question of Jerusalem.

There was no hint that it would satisfy Mr. Sadat's request for assurances that Jerusalem would remain a subject for negotiation despite last week's decision by the Israeli Parliament to declare the city, including the Arab east sector, the eternal capital of the Jewish State.

Judging by the remarks of one Israeli official, the line was that whereas all aspects of autonomy remained negotiable, Jerusalem and its Arab population remain outside the autonomy process.

An important Egyptian demand during the 15 months of the autonomy talks has been that Jerusalem Arabs should be offered the same form of self-rule as that proposed for Palestinians in the West Bank and Gaza. Israel has repeatedly rejected this,

Reports in Cairo have said that Mr. Sadat also requested suspension of Jewish settlements in the West Bank and Gaza. For the Begin Government this would be unthinkable.

Reuter reports from Beirut: Mr. Yassir Arafat, leader of the Palestinian Liberation Organisation has told Mr. Gaston Thorn, the European Common Market representative that Palestinians would establish a state on any part of the West Bank from which Israel withdrew.

According to Palestinians in the Lebanese capital, Mr. Thorn, chairman of the EEC Council of Ministers, met the PLO leader at his headquarters in West Beirut. The Luxembourg Foreign Minister is on a fact-finding tour of the Middle East for the Common Market.

The commando chief was said to have called on West Europeans to break away from the U.S.-sponsored Camp David peace process between Israel and Egypt.

AMERICAN NEWS

Reagan appeal to blacks to 'look beyond the label'

BY IAN HARGREAVES IN NEW YORK

Mr. Reagan . . . larger economic pie

MR. RONALD REAGAN, the Republican candidate for President, yesterday strode into the potentially hostile atmosphere of the U.S.'s leading pro-black organisation and promised that if elected, he would do more for deprived minorities than his opponents.

Although Mr. Reagan said he would cut the minimum wage for young people and in the longer term stem the flow of Federal dollars to the depressed urban areas of America, he offered the prospect of a bigger *economic pie which would make* minorities better off.

The low-key nature of Mr. Reagan's address and the polite applause with which it was received contrasted sharply with the well-executed demagoguery of Senator Edward Kennedy to the *same convention of the* National Urban League on Monday.

President Jimmy Carter plans *to address the forum* today and may give some hint of the industrial revitalisation programme the White House has been working on. Mr. Carter has already been warned from the platform that this year the black votes which helped elect him in 1976 are up for grabs.

Mr. Reagan compared his situation as a conservative addressing the league with that of John F. Kennedy, a Catholic, facing an audience of Protestant ministers. But he appealed for blacks to "look beyond labels" in politics and trust the Republicans to lead *America back to economic* growth and a reversal of the conditions which have put 14 per cent of blacks out of work.

Mr. Reagan proposed four specific job stimulation measures:

- Force recipients of welfare payments to work, in order to give youngsters on the dole job experience and, eventually, cut welfare expenditure.
- Create enterprise zones in the depressed cities, offering tax breaks to investors.
- Set a lower minimum wage for young people, many of whom, he alleged, were being priced out of jobs.
- Give the cities greater control over revenue raising and allocation in their areas.

Mr. Reagan's other suggestion was to institute a national homesteading policy, to sell off to deprived families for a dollar *each the properties seized by* Government authorities from tax or rent defaulters on con*dition* that the takers modernise and live in the property.

Carrington attacks Cuba

By Kim Frad in Caracas

POLITICAL stability in the Caribbean was the central issue in talks held between Lord Carrington, the British Foreign Secretary, and President Luis Herrera Campins and members of his government here during a three-day visit to Venezuela.

Lord Carrington and his party, including a group of British businessmen, flew to Mexico yesterday on the final leg of an 11-day Latin American tour which also included Barbados and Brazil.

The British Foreign Secretary singled out Cuba as a major cause of instability in the Caribbean. "Cuba is seeking to *exports its system of govern*ment by subversion to other countries," he said.

He attributed Havana's success in this attempt to social and economic problems in the region and called on other countries to provide aid to halt subversion. "It is incumbent on all of us to help the countries that are facing problems in the Caribbean," he said.

The European Economic Community plans to provide \$640m (£275m) in aid and investment over the next five years in the Caribbean, he said, noting that Britain's 20 per cent share is in addition to bilateral aid to the region which will total \$65m in 1980.

Lord Carrington praised the Venezuelan-Mexican oil aid plan under which Central America, Jamaica, Barbados and the Dominican Republic will receive 160,000 barrels a day of oil under a special financing system.

Talks also included discussion of the general energy situation as well as future progress in the North-South dialogue in the United Nations.

British businessmen met Venezuelan colleagues to discuss means to strengthen and increase trade, covering iron ore, petrochemicals, other industries and agriculture. As a result of increased oil output in the United Kingdom, Venezuelan oil exports have declined, putting trade into deficit between the two countries.

Deadlock in U.S. over teletext systems

BY OUR NEW YORK STAFF

BRITISH HOPES of persuading the U.S. to adopt UK technical standards for future American teletext services have been dealt another blow.

A poll taken by the Electronics Industries Association to decide between rival British, French and Canadian systems has failed to produce the required majority for any of the systems.

This makes it increasingly likely that the U.S. Federal Communications Commission (FCC) will have to choose a national standard or opt for a variety of standards without the benefit of an industry consensus. At one point such a consensus seemed to be firmly behind the British technology.

Teletext is a system for televising written material. First developed by the British Broadcasting Corporation under the name Ceefax, there are now *several challengers, including* the French Antiope system.

Although detailed results of the industry poll are not yet available, Mr. Eb Tingley, the staff member of the association who serves the teletext committee, said there was no possibility of any system winning the required 75 per cent majority.

He added, however, that the committee would continue to search for agreement on various technical aspects of teletext once a new chairman was found to head the committee.

The former chairman, an executive of CBS Broadcasting, has stepped down following the decision by CBS to pre-empt the committee's deliberations and go straight to the FCC with a strong plea on behalf of the French system.

The FCC is expected shortly *to put out the CBS proposal for* a 90-day period of comment, but officials at the commission say it will be many months before any firm decision is made.

Backers of the British technology, which include Zenith, the leading U.S. maker of TV sets, *had hoped the commitee would* support the British system. The pro-British members of the committee will now probably follow the CBS example and petition the FCC directly.

Bolivian IMF payment delayed by takeover

BY MARY HELEN SPOONER IN LA PAZ

BOLIVIA's ability to renegotiate its foreign debt, estimated at \$3.7bn (£1.57bn) is being called into question following the July 17 military takeover of the Government.

The country, which is the poorest in South America, was due to receive a \$17m loan payment from the International Monetary Fund's standby fund on July 31. Last December, Bolivia's Finance Minister signed a Letter of Intent with the IMF for a one-year standby arrangement which would provide financial assistance totalling \$110m.

The IMF has not delivered this \$17m loan payment, amid reports that the U.S. may be urging it to halt all aid to the three-week-old Government of General Luis Garcia Meza. But approval of this payment depends upon the country's economic performance over the past six months, when Bolivia was governed by a civilian interim president.

Officials in La Paz indicate that the \$17m is likely to be approved, however, if the new military regime delivers the necessary technical papers to IMF officials.

Delivery of the IMF loan payment would trigger a \$10m credit for development projects from the Andean Fund, the financial arm of the five nation Andean Pact linking Bolivia, Venezuela, Colombia, Peru and Ecuador.

WORLD TRADE NEWS

British sales to USSR climb 17%

By David Satter in Moscow

THE VALUE OF British exports to the Soviet Union rose 17 per cent during the first half of this year against the comparable period of 1979, but the underlying trend indicated that British sales to the Soviet Union this year would fall below even last year's modest level.

Figures released by the British Embassy showed that UK exports in the first six months had a value of £247m *compared with a value of £211m* for the first half of last year.

This increase, which was lower than the rate of inflation in Britain, was largely accounted for by the last deliveries on contracts in 1976 and 1977, including a £100m contract signed *with Coberrow in December,* 1976, for gas compressor stations and a £147m contract for methane plants signed with Davy Powergas in 1977.

British imports of Soviet goods, mainly raw materials, declined in value by 9 per cent, *largely because of a sharp drop* in British purchases of Soviet oil and oil products. British imports had a value of £324m in the first half of this year compared with a value of £358m in the first half of 1979.

A statistical breakdown for UK-Soviet trade in the first five months showed that the value of British imports of Soviet oil products fell to just £81m from £112m for the same period in 1979. Since the price of Soviet oil has risen steadily with increases in the OPEC prices, this represents a more drastic cut in the volume of British oil imports.

The traditional British deficit in trade with the Soviet Union was cut to £77m from £147m for the same period in 1979, while the value of total trade remained almost the same. In the first half it had a face value of £571m as against a value of £569m for the same period

EEC concern over Soviet refrigerators

By Our Foreign Staff

A NUMBER of European countries are now importing *refrigerators built in the Soviet* Union at prices which are a source of concern to major manufacturers in the European Community.

The European head office in Brussels of the U.S. conglomerate ITT confirms that the company sells Russian-built refrigerators in Belgium. It sells some 10,000 units a year into a domestic market running at about 240,000 units a year. The sales are made by ITT's Bell Telephone Manufacturing subsidiary which buys the refrigerators through Belgium's major loss-making electrical goods concern ACEC of Charleroi.

An ITT spokesman in Brussels points out that the prices of the Soviet re*frigerators stem largely from* the Soviet manufacturers' assessment of their own component and production costs, which in the case of Comecon State-trading countries tends to be notional. "We are not going to tell the Russians to raise *their prices," said* the spokesman.

Moscow orders Japanese pipes

TOKYO — Japanese steel makers have agreed to meet a standing Soviet request for 1m tons of large diameter steel pipes and 360,000 tons of steel plates annually for the next five years for use in a gas line project.

AP

Impatient Japanese urge decision on Alfa project

BY RUPERT CORNWELL IN ROME

SIGNOR FRANCESCO Cossiga, the Italian Prime Minister, may be called upon to decide the controversy over the proposed joint venture between the State motor company Alfa Romeo and Nissan of Japan.

The Japanese company, clearly losing patience after nine months of prevarication and squabbling in Italy, have let it be known that they are prepared to wait no longer than the middle of this month for a decision.

Last night CIPI, the inter-Ministerial industrial policy committee, was due to meet and examine the Alfa-Nissan proposals. But given the conflict raging ever more fiercely in *political and industrial circles* over the wisdom of such an agreement when the Japanese car industry is making greater inroads into European and U.S. car markets, a final decision looked unlikely.

In favour of the deal, to produce 60,000 small and medium-engined vehicles at a new plant near Naples, are Signor Gianno de Michelis, the Minister for State Shareholdings, IRI, the State-owned conglomerate and parent of Alfa, the company itself, and the trades unions.

Against it are the Industry Minister, Signor Antonio Bisaglia, Signor Giorgio La Malfa, the Budget Minister, wide sections of the European car industry, and Fiat, Italy's major motor group.

In what is clearly a last ditch attempt to swing matters its way, Fiat yesterday published for the first time, via the Turin daily La Stampa, details of the counter-proposals it unavailingly made to Alfa for a joint venture between the two Italian manufacturers.

Fiat argued that the net *benefit to the Italian payments* balance from its proposals would be L180bn (£93m) per year, three times that accruing from the Nissan scheme.

The net increase in total Italian car output as a result of a new Fiat-Alfa model would be 45,000 units per year, against only 15,000 if the Nissan deal went through. An all-Italian solution would help the long needed *rationalisation of the* country's vehicle components sectors, and thus create in all 11,000 new jobs, against only 4,000 expected from an Alfa-Nissan venture, according to Fiat.

Fiat has been joined at the eleventh hour in its crusade by the Nuova Innocenti group of Argentine-born industrialist Signor Alejandro de Tomaso, who now runs the company which once was under the control of BL (British Leyland).

In what is widely assumed to be mischief-making, Signor de Tomaso has requested permission to import up to 150,000 engines a year from Japan. It is being argued that by doing this he is hoping to demonstrate that the *Alfa-Nissan proposals* would be, as their critics maintain, a "Trojan horse" to allow the Japanese into the protected Italian market.

The major Japanese manufacturers have denied that they have yet had any contact on this score with Signor De Tomaso—but for opposite reasons their motives for these protestations may be equally suspect.

Sharp intra-German trade rise

BY LESLIE COLITT IN BERLIN

EAST-WEST German trade grew sharply from January to July *compared with the same period* last year, but much of the expansion was measured against the low increase in trade in the first half of last year and the steep rise in the price of fuels traded.

Provisional statistics show the value of West German exports rose approximately 22 per cent to DM 2.5bn (£601m) while East Germany's exports rose some 39 per cent to DM 2.8bn (£673m) compared with the first half of 1979.

These provisional trade figures between the two Germanies do not include services in which West Germany traditionally has a surplus. However East Germany has again managed to export more to West Germany than it imports after having produced a small DM 16m surplus last year, the first since 1968. By contrast East German trade with nearly all other member countries of the Organisation for Economic *Co-operation and Development*, is in deficit. This shows the specific importance of West German trade to East Germany which goes beyond the 10 per cent it makes up of total East German trade.

More than half the rise in East German exports to West Germany in the first half was accounted for by the increase in the price of its refined oil products. Last autumn East and West Germany signed an energy agreement under which West Germany, beginning this year, will annually ship about 1m tonnes of crude oil to East Germany as well as hard coal and will import about 2m tonnes of petrol and other refinery products from East Germany to supply West Berlin. Trade between the two Germanies, including services, is expected to near the DM 11bn level this year after falling just short of DM 10bn last year.

The meeting later this month *between West Germany's Chan*cellor, Herr Helmut Schmidt, and East Germany's President, Herr Erich Honecker, is expected to give a further impetus to East-West German trade.

West German companies are *in advanced negotiations with* East Germany on several large projects, but these are not expected to be finalised until next year. A West German consortium under Krupp is negotiating to construct a DM 1.6bn steel mill at Eisenhuettenstadt, East Germany, against strong Japanese, Austrian and French competition. Executives of the Hoechst company are holding talks with the East Germans on a follow-up chemicals project for its Uhde subsidiary which, in March, completed a turnkey PVC plant at Schkopau well ahead of the original hand-over date.

Jakarta cools UK dispute

BY RICHARD COWPER IN JAKARTA

THE STORM over the quotas on Indonesian garments into Britain which looked as if it *might escalate into a full scale* trade war seems to have abated —at least for the time being.

President Suharto has asked Indonesia's Trade Minister Radius Prawiro to seek a peaceful solution to the dispute. Indonesia will probably reopen negotiations with the EEC in Brussels this September rather than resorting to retaliatory measures against British exporters. Indonesia may also appeal to the textile surveillance board of GATT against the EEC *decision taken on July 18 to* impose unilateral garment import quotas on Indonesia.

Mr. P. Nainggolan, director for exports at the ministry of trade announced that semi-finished garments entering Indonesia for re-export would not be allowed to make use of Indonesian certificates of origin. This is seen here as a move to take the heat out of the situation.

In the past Hong Kong *exporters were using Indonesian* certificates of origin as a way of avoiding quotas on Hong Kong garment exports to Britain. More recently a number of British business men have suggested that a significant proportion of the 1.1m pairs of trousers exported by Indonesia into Britain in the first six months of this year may have been made in Hong Kong.

ECGD backs \$23.5m credit for Ghana

THE EXPORT Credits Guarantee Department has guaranteed a \$23.5m lineof credit which the Standard Chartered Merchant Bank has made available to Bank of Ghana.

The new loan will help finance contracts awarded by Ghanian buyers to UK exporters for the supply of capital plant equipment machinery, vehicles and associated services and spare parts.

Expansion for Iran

BY PATRICK COCKBURN IN TEHRAN

BRITAIN'S trade with Iran has been practically unaffected by sanctions, according to trade *figures for the first half of the* year.

Exports for June were £42.1m and for the first half of the year rose to £212.8m, compared to £95.7m in the same period in 1979. The expansion of trade noticeable before UK sanctions were imposed, has continued, with the biggest contribution coming from Talbot's supply of car kits for assembly in Iran.

Imports from Iran totalled £73.7m in the first half of the year, almost entirely oil imported by BP and Shell. Since they ceased to purchase Iranian oil in April, imports have dropped to virtually nil.

Algeria's LNG deals hit heavy weather

By Francis Ghilès

ALGERIA IS still at loggerheads with France and the U.S. over the future price of liquefied natural gas (LNG) sales.

At stake are Algerian LNG *supply contracts to* El Paso of the U.S. and Gaz de France, the French State-owned company, Sonatrach, the Algerian State-owned oil company is aiming for parity between the price of LNG and crude oil. If successful this would double the price the two Western companies currently pay for Algerian LNG to around \$6.11 per million British thermal unit (BTU).

The parity principle was endorsed both at the OPEC summit meeting in Algiers at the beginning of June and later that month by the congress of the ruling Algerian Front de Liberation Nationale Party. This makes it difficult for Sonatrach to back down.

Although Gaz de France appears to be willing to accept an increase in the price from just over \$2.40 per million BTU to \$3.40, the U.S. will not accept anything above \$4.40, inclusive of \$1.70 freight costs.

There are signs that relations between Sonatrach and its French customer are improving. Deliveries of LNG to France are picking up. Last month nine shipments were delivered to French ports. Under its contract with Sonatrach, France should receive 17 shipments a month, but even before the price dispute the number of monthly shipments was far less because the Algerian company was unable to meet its delivery commitments.

Gaz de France has some strong cards to play: though Algeria provides 12.5 per cent of France's LNG, some of the French company's customers can switch to oil as an alternative. These customers had their gas supplies cut off last spring and even now only receive about one third of what they should. They have been warned not to expect any gas supplies next winter.

Gaz de France has the added advantage of holding larger underground stocks of gas today than it did last year.

The crisis is also proving a longer term impact on French policy. It has encouraged the Government to look for alternative supplies and led to an increase in the volume of gas scheduled to come from the USSR Canada, Norway, Nigeria and Cameroun. France wants to avoid buying more than 20 per cent of its requirements of gas from one supplier.

The U.S. is also standing firm. It does not want the landed cost of gas imports to exceed the domestic price of fuel oil currently around \$4.50 per million BTU.

Shipments of Algerian gas to El Paso have been completely halted since last March. Until then the U.S. company was paying \$1.95 per million btu for the gas it was buying.

Meanwhile Distrigas of Boston and Sonatrach have also failed to agree on a new price structure for the smaller contract which the U.S. company has with the Algerians.

The stalling of these different gas contracts is costing Algeria about \$2m a day. Sonatrach could face further problems if the El Paso contract falls through for good. In addition it would be difficult for other potential buyers of gas to purchase supplies initially earmarked for the U.S. company while litigation is proceeding.

Public figures in the U.S. are now expected not only to be pure but also to appear pure, writes **Jurek Martin**, U.S. Editor, in Washington

No happy home for Carter in America's Fourth Estate

ONCE UPON A time, long ago in the more secure days of Jimmy Carter's Presidency, he issued the remark that "life is *not always fair." On Monday* night, after he had endured an hour-long grilling by the Press on national television over his brother Billy's Libyan connection, after he had issued 13,000 words of statements and recollections on the whole affair, including memoranda from his personal diary, in none of which, it appeared, could serious factual holes be poked, he was reduced to a *sotto voce* appeal for the aplication of that single virtue which he had said was *sometimes* lacking.

As he left the presidential platform, he was asked if he thought he had, by his disclosures, laid the Billy Carter episode to rest. "I don't know," said the President of the United States, "it depends on how you all (the media) handle it and how the American people judge it."

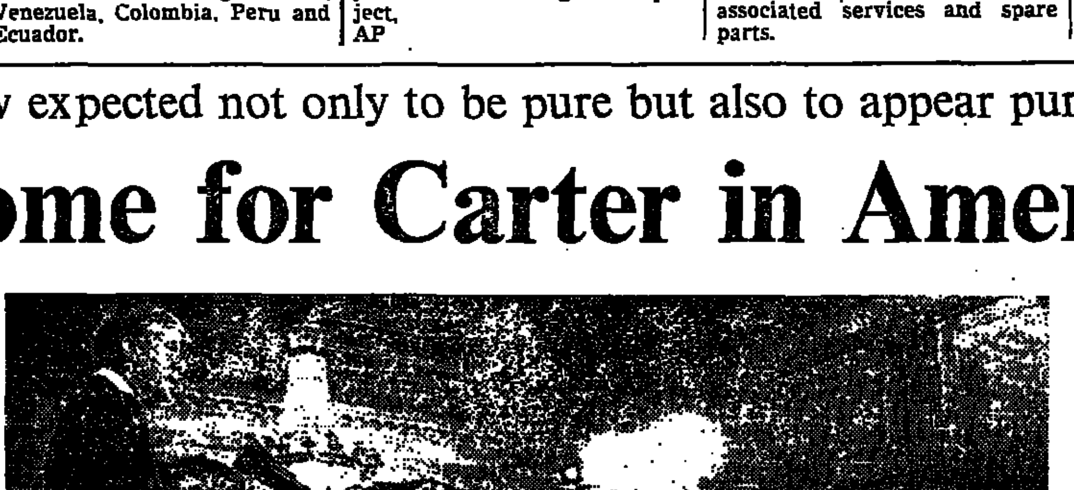
It is an important link. In the super-heated climate of an election year, the inconsequential often assumes overblown significance. Yet, with the memories of 1972 still remarkably fresh in the media's mind, to ignore the apparently inconsequential is to run the risk of journalistic dereliction of duty.

Although Watergate was ultimately, in 1974, Richard Nixon's ruin, he escaped unscathed in those critical five months *between the initial* Watergate break-in and general election day in November. It is a history the media is determined shall not be repeated.

Waxed eloquent

Mr. Carter, who waxed eloquently four years ago on what Watergate had done to the American spirit and the respect of the country's great institutions, is keenly aware of this. No matter what indignities may be visited on his person and his office, he seems determined that, unlike the "stonewalling" of the Nixon White House, the whole truth must be placed on the public record. If there are mistakes in the process of revelation—and there have been —*then they were well, not* evilly, intended.

The President could be excused if his faith in due process has wavered in the past four years. Several of those close to him, including his first budget director, Mr. Bert Lance, his White House health adviser, Dr. Peter Bourne, his political confidant, Mr. Hamilton Jordan, and now his brother Billy, have come under clouds. Two were forced to resign, but none has been successfully prosecuted.



President Carter addresses the Washington Press corps in the East Wing of the White House. The Press conference was broadcast on nationwide television.

Stoically, Mr. Carter observed on Monday night that, in Mr. Jordan's case, "highly publicised allegations proved not to be true," the result, *he implied*, of the fact that full co-operation had been given to the judicial authorities. What worked with Mr. Jordan, the President hopes, will work with brother Billy.

He might also be excused if he had maintained, with vigour, that the inevitable comparisons loosely made between "Billygate" and Watergate are, in his *view, without validity. He has* chosen not to, although many commentators here have been less reluctant. As Anthony Lewis, no particular supporter of President Carter, wrote in the New York Times this week, nothing in the Billy Carter affair "is remotely like the gangsterism of Watergate, with its criminal break-ins, and harassing of private citizens and massive abuses of presidential power."

Indeed, the record of Mr. Carter's Administration demonstrates neither venality nor any attempt to subvert constituted authority. If anything, it shows the reverse; at worst a naivety about exercising presidential *power and a deference* to those who would seek to fill the void. The President himself is the antithesis of the imperial chief executive and, unless he is an actor of staggering talent, personally beyond reproach. It stretches belief even to entertain the notion that he would allow brother Billy's cupidity, confusion, or needs to influence the conduct of official policy.

Purity factor

But the *reality* of modern America, in which the influence of the media is an integral feature, renders such arguments practically beside the point. Mr. Carter is not the only post-Watergate victim of the prevalent attitude that public figures must not only be pure but appear to be pure. Even if his disclosures do tell the whole story of Billy Carter's Libyan connection—and there are some loose ends yet—then the President will still stand *accused of having exercised poor* judgment in not better controlling his brother's activities.

The President's defence—that he is not his brother's keeper and could hardly, through restraints, violate Billy's civil rights—may be technically correct, but may be interpreted as inadequate. It is already being alleged that he ought to have been alive to possible financial dealings between Libya and Billy Carter and to the influence in the White House that Libya might reasonably think it was acquiring as a result, not to mention the damage to his own political standing among America's influential Jewish community.

The Senate investigating subcommittee, if it is satisfied with the factual account released on Monday, and if it decides not to ask the President to testify in person, is likely to be tempted into convening sessions of a broader, more philosophical, purpose — in which the President's judgment is called into question. Its chairman, Senator Birch Bayh of Indiana, is, after all, in a tough re-election fight, and would not object to the opportunity of being able to appear statesmanlike in front of his constituents on national television.

There are longer-term eventualities which could dog President Carter's heels, assuming he gets over his first hurdle next week and wins the Democratic Party's presidential nomination. In fighting Mr. Ronald Reagan, he must make the Republican candidate's character and policies the election issue, not allow his own record and judgments to dominate the public interest.

In the shorter term, however, Mr. Carter's Monday night performance has probably done him some good. His resolute and articulate *opposition* to the notion of an open convention should have stiffened the wills of those of his delegates who had started to wonder if he ought to be nominated after all. His frankness and the very detail of his disclosures could satisfy those led by recent history to expect the presence of something to hide.

No stone unturned

It may even be that public attention over the Billy Carter affair will wander and that, by the time the campaign proper opens next month, it will be but a foggy memory on a long-past horizon. But that is taking a lot for granted in an election year, especially given the unlikely cast of characters with whom Billy Carter has become involved, and the determination of the Fourth Estate to leave no stone unturned. Fairness could turn out to be an abstract concept.

Building society branch networks continue to grow

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BRITAIN'S building societies continued the rapid build-up of their branch networks during 1979.

By the end of the year building society outlets increased by 552 branches, or 12 per cent, to a total of 5,147, says a report from Noel Alexander Associates.

The report shows that the London and Scottish clearing banks reduced their aggregate number of branches during the year by 92 outlets leaving 12,903 by the year end. This is a net reduction of 300 clearing banks branches on those existing at the end of 1976.

In contrast, building societies' branches have increased by a total of 1,451, or 39 per cent over the same period.

The survey seeks to indicate the number and growth of outlets of all UK financial institutions involved in banking and related activities.

Among UK banking institutions the Co-operative Bank added 105 branches during 1979, giving it 880 by the end of the year. In addition, "cash-a-cheque" facilities were available in a total of 3,978 locations in Co-op stores, against 3,731 at the end of 1978.

The Trustee Savings Banks, moving more into the retail banking field, are shown as having 1,661 outlets at the end of last year. This figure is little changed on the position for each of the previous three years.

Among the big London clearing banks, National Westminster is largest in terms of branches with a total of 3,246 at the end of 1979. It is followed by Barclays with 3,014, Midland with 2,839 (including Clydesdale Bank of Scotland), and Lloyds with 2,311 branches.

The Royal Bank of Scotland Group, which includes a London and a Scottish clearing bank, has 826 branches, while Bank of Scotland, the third Scottish clearer, has 567 branches.

The survey shows that foreign and ethnic banks now have a substantial foothold in the traditional UK retail banking market. Most significant, in terms of branches, are the two Irish banks: Allied Irish Banks had 30 UK branches while Bank of Ireland had 16 at the year end.

Muslim Commercial Bank is shown as having 24 branches, Habib Bank has 22, Bank of Baroda has 15, National Bank of Pakistan has 14, Bank of Indai has 13 and Somali Bank has seven branches.

Standard Chartered Bank, the large British bank which has extensive overseas interests, is shown as having only 17 UK branches. However, Chartered Trust, its finance house subsidiary, has a further 98 branches.

The survey is obtainable from Noel Alexander Associates, 70 Queen Victoria Street, London

Architects vote for limited companies

ARCHITECTS HAVE voted to accept a package of measures which will allow the profession greater commercial freedom, including the right to form limited liability companies. The ban on Press and television advertising of architectural services remains.

The 27,00 members of the Royal Institute of British Architects approved changes to the profession's codeof conduct allowing formation of limited liability companies, greater freedom in publicising business interests and the right of architects to become directors of property companies.

A seventh proposal by the institute's policy-making council asked members to reject moves tto allow paid advertising in newspapers and magazines.

The council indicated earlier that it might favour permitting limited levels of paid advertising, but this proposal was dropped following strong opposition from within the profession.

The subsequent council recommendation that the ban on advertising remain was carried by 7,442 to 3,269.

These are likely to become official policy at the next full council meeting on October 2. The moves come at a time when the architectural profession has faced increasing financial pressures as building and construction move into recession across a broad front.

The proposals will allow independent architects to take up posts in previously proscribed businesses, such as building contracting, auctioneering and estate agency, property development and manufacture and supply of building components. This recommendation was carried 6,428-4,316.

Under the proposed changes, architects will be allowed to make direct approaches in search of new work to individuals and organisations, and to give full details of their operations and professional qualifications in business directories.

In another move to allow greater freedom to publicise architectural services, the council recommended that architects be allowed to pay for exhibitions of their work to be held.

● CONCORDE COSTS: An inquiry into the continuing costs of operating Concorde, which has accumulated losses for British Airways of over £30m in four years, may be set up later this year by a Parliamentary Select Committee.

The Industry and Trade Committee announced yesterday that it was inviting views on Concorde, and on the machine-tool industry, in readiness for possible detailed investigations

This year's public spending White Paper shows provision for £17m for development and production costs to be spent on Concorde. About £26m was allocated last year and £42m in 1978-79.

● IPSWICH AIRPORT'S operation was taken over yesterday by Ipswich Co-operative Society.

The society, which has an annual turnover of £60m, paid an undisclosed sum for the remaining seven years of the airport's lease to Lonmet Engineering.

The co-op was given the go-ahead when the airport landlord, Ipswich Borough Council, approved assignment of the lease to the society and agreed to drop its High Court action to recover the lease from the former operators.

The society says that it will maintain all existing services at the airport and has no immediate plans for changes, though it will begin a thorough investigation of present and potential demand for airport facilities for both commercial and private fliers in the area.

MUSIC . . . the food of orchestral players. The BBC Symphony Orchestra went back to work yesterday to prepare for the First Night of the Proms at the Royal Albert Hall tomorrow. Above: Conductor John Pritchard with soprano Jessye Norman rehearse Mahler's Fourth.

350 Salford jobs put at risk

FINANCIAL TIMES REPORTERS

A MAJOR cash crisis has resulted in Sir James Farmer Norton, one of Britain's oldest engineering companies, being placed in the hands of the receiver. Around 350 jobs in Salford, Lancs, may be lost.

The company—founded in 1852—has been hit by a serious fall in orders for its textile-finishing and metal-working equipment, and by the failure of two customers in Turkey.

The receiver, Mr. Peter Copp, of Stoy, Hayward and Partners, London, said yesterday he would continue to run the business while seeking a new buyer.

A rationalisation programme was introduced by the company earlier this year when 100 jobs went. This made it possible for full-time working to be resumed after a period of short time.

The company, which specialises in one-off high technology machinery for bleaching, dyeing and printing, has been exporting up to 80 per cent of its output. It has been affected by the high value of sterling and weak demand for finishing equipment world wide.

The company stand at the ITMA textile machinery exhibition in Hanover last year—the major world show held only every four years—failed to produce a single order.

Partly because of this weakness, the company has been forced to take business in Turkey, a major risk area because of its high indebtedness and shortage of foreign exchange. The company has been making three machines for a Turkish customer valued at £400,000. The first has been delivered, and part-payment received through the World Bank, which guaranteed the deal. But the company has been unable to get from the customer a letter of credit to cover despatch of the remaining machines.

The Turkish order was taken despite an earlier problem in the same market, when another customer was unable to produce funds to cover machinery valued at £2.25m. On that occasion the money was not forwarded by the Turkish bank because of a shortage of foreign exchange.

Sir James Farmer Norton was covered for the latest contract through a finance house, and the Government-backed Export Credit Guarantee Department, but cash flow has been affected by delays in receiving repayments. The company is understood to be £500,000 in the red on its two Turkish ventures.

More than 400 redundancies are feared next year at the Ashford, Kent, works of British Rail Engineering.

The works, which employs 1,000 in the manufacture and repair of railway wagons, is being badly affected by domestic recession and a lack of foreign orders.

Two large orders, 825 wagons for Bangladesh Railways and 510 for Tanzanian Railways, worth a total of £35m, will be completed early next year. If no new foreign orders are obtained soon 350 men will be made redundant in March and a further 80 next October. BREL said yesterday that the chances of the men keeping their jobs weer not good.

A small number of other redundancies are possible at Swindon, Doncaster and Horwich, Bolton, but BREL said these will be voluntary. Because the works are involved in refurbishing of carriages there is an alternative retraining prospect.

Ashford works, one of BREL's national network of 13 engineering works which specialise on capacity and functions, was threatened with closure in the early 1970s.

It was saved as a consequence of the 1968 Transport Act which gave BREL the right to accept private contracts, particularly foreign orders.

BREL said yesterday: "There is no short-term threat to the future of Ashford works but its ultimate future will depend on export orders and the depth of the recession."

Mr. Jack McNaught, executive officer of the Confederation of Shipbuilding and Engineering Unions said yesterday that although there would be redundancies in some areas, in others there might be a need to recruit.

Food machinery manufacturers, Jahn of Huntingdon, Cambridgeshire, is going into liquidation and 51 jobs will be lost.

The company had a record turnover last year and increased its export business but there is an absence of firm orders.

Hosiery manufacturers, Moore Eady of Derby, are to close their casual wear department and 80 jobs will be lost out of a workforce of about 350.

A £3m fire last month at the Nottingham plastics factory of Richard Sankey has led to 60 production workers being made redundant.

Autolite, the Belfast, Northern Ireland manufacturer of distributors and carburettors for Ford cars, is likely to make 250 workers redundant after the August holidays. If the recession deepens the entire 1,000 workforce could be laid off.

About one-third of the 80-strong workforce of Crane Engineering at Kettering, Northants., is to be made redundant at the end of the month because of a drop in orders.

Government backs 'electricity from hot rocks' research

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is to invest £6m in a project which could result in electricity being generated from the heat of underground rocks.

The money will go to the Camborne School of Mines, which is to continue research into methods of fracturing granite at depths of 6,000 ft.

Mr. John Moore, Parliamentary Under Secretary of State at the Energy Department, said yesterday that if the project was successful it would be a major step towards the widespread exploitation of geothermal energy in the UK.

Geothermal technology was still in its early stages and the economics remained to be proved, he said in a Parliamentary answer. However, there was a very large amount of energy awaiting to be tapped. The granite deposits in the South-west of England alone contained the heat equivalent of 6bn tonnes of coal.

The Camborne School is conducting experiments to see whether, by the controlled fracturing of granite at great depths, the natural heat source of the earth's core can be tapped.

In theory heat extraction would be simple if a fracture system existed between two boreholes. Water would be poured down one hole and steam would be extracted from the other.

The problem is to find the heat near enough to the surface so that the steam would be at sufficient pressure to turn electricity generating turbines.

According to the Energy Department it is possible to find suitable temperatures reasonably near to the surface —around 15,000 feet—in the granite rocks in the Cornish peninsular and in East Scotland.

Using Cornish granite conditions and an American computer model it has been estimated that the cost of electricity using this geothermal resource would be between 2 and 3 new pence per kilowatt hour — about the price now paid for power supplies by British industry.

The Camborne team has already shown that a combination of controlled explosions and the application of high water pressures can generate suitable fracture systems which have linked several boreholes together.

The next stage is to establish whether this successful system can be repeated at greater depths.

Camborne's hot rock work forms a separate programme from that being followed in the Energy Department's Marchwood borehole project. Here, the Department is trying to find out whether naturally occurring hot water can be used for space heating and other purposes.

Fresh Cabinet split over oil funding

BY RAY DAFTER, ENERGY EDITOR

A FRESH split in the Cabinet over the future structure of British National Oil Corporation means it could be at least another month before Mr. David Howell, Energy Secretary, announces how he will raise private funds from the venture.

The most likely course of Government action seems to be the raising of several hundred million pounds — possibly as much as £500m — in revenue bonds, linked to the Corporation's growth and prosperity. These may be obtainable from post offices.

The Government is to postpone, for the time being, sales of shares in BNOC. Some Cabinet members are concerned about reducing the state's access to the Corporation's profits over the next few years.

Pre-tax profits this year are expected to be over £300m, compared with £75m last. By the mid-1980s the Corporation should be making over £1bn pre-tax annually.

There is also thought to be concern among some Cabinet members about losing Government control of the state corporation at a time of uncertainty in the international oil market when UK oil supplies could well feature more in foreign policy considerations.

Both Mr. Howell and Mr. Philip Shelbourne, the new chairman of BNOC, are thought to favour at least some injection of private capital—perhaps £500m to £600m — into the Corporation although they share the view that BNOC's trading division should be kept wholly in state hands to preserve national supply interests.

It is unlikely that the idea of partial sales to the private sector will be dropped altogether.

● One of Britain's first computer-controlled coal preparation plants comes on stream this month when a £17.5m scheme links two Midlands pits, Donisthorpe and Rawdon.

Shell UK 'squeezing dealers'

By Sue Cameron

ANGRY PETROL dealers have accused Shell UK of "making too much profit" out of them. A total of 120 Shell dealers, all based in the North-west, want a better deal from the oil company.

They claim Shell is holding down their profit margins on petrol to the point where many of them cannot make a living. They also say that under their existing licensing agreements, Shell takes a sizeable "kick-back" from their profits.

The Motor Agents Association, which is representing the dealers, said last night that Shell licensees selling 70,000 gallons a month of petrol had to pay the company £400 a month out of their retail profits. The more petrol a retailer sold, the more he had to pay to Shell.

"The system is a disincentive to Shell licensees," the association said. "The fees paid to Shell are disproportionate to the increases in gallonage sales."

It said Shell UK allowed its licensed retailers a profit margin of about 5p a gallon. But the dealers needed at least 7p a gallon profit margin if they were to "stay in business."

The association claimed retailers' costs—which nearly all have to be met out of their profits—had risen substantially over the past year. The rents charged by Shell on licensed sites for shops, workshops and car washes had been "doubled and even trebled over the past year."

At a meeting last week the 120 Shell dealers voted unanimously for their licences to be switched to tenancies. Licence agreements give Shell the right to dictate retail prices and profit margins—tenancies do not.

One dealer at the meeting claimed he could sell petrol for 2p a gallon less if he were not bonnd by his licence agreement to pay Shell a share of his profits.

Shell has about 4,500 retail petrol outlets in the UK and is estimated to own about 1,700 of them. The Motor Agents Association claims that about 90 per cent of the Shell-owned sites are operated on a licence basis.

Early last month Shell UK and Esso—the two market leaders in UK petrol—both cut their wholesale prices for four star petrol by 1.73p a gallon. But the association said yesterday that the cut in wholesale prices had done little to help dealers, and had not matched retailers' other rising costs. The wholesale price cuts had also had to be passed on at the pumps in many areas.

● The UK's largest onshore oilfield—the Wytch Farm field in Dorset—might contain reserves of 90m barrels of oil, the British Gas Corporation confirmed yesterday.

The estimate has been confirmed by a well recently completed by Gas Council (Exploration), a wholly owned subsidiary of the corporation. The field is owned jointly by British Gas and British Petroleum, and is operated by Gas Council (Exploration).

Ombudsman blames civil servants

By Raymond Snoddy

MR. CECIL CLOTHIER, QC, the Parliamentary Ombudsman, in his latest report published yesterday criticised civil servants for disrupting public business by going on strike.

He was investigating a complaint of delay in the payment of national savings certificates caused by the three month strike of computer staff last year.

Almost 250,000 applications were held up, some for as much as 15 weeks. It was five weeks after the dispute ended before the backlog was cleared.

The Ombudsman said the blame did not lie with the National Savings Department but "rather on those civil servants as individuals, and their union officials who disrupted public business in the furtherance of private ends."

He also expressed concern at the increasing delays the public are facing in their dealings with some government departments.

This was being caused by staff shortages resulting from the fact that "successive governments have imposed a policy of severe restraint on the growth of the Civil Service."

In the department dealing with naturalisation applications, he said, the staff has stayed at the same level since 1977 while the workload has increased by almost half.

The cumulative delay can be as much as two years. An investigation of how such applications are dealt with is to be conducted by Sir Derek Rayner.

The Ombudsman said he was also disturbed by the "deplorable delays" in an appeal on the suspension of attendance allowance. Two and a half years after the suspension there was still no decision. He found, however, that the delay was caused by the large number of appeals to the National Insurance Commissioner. He appealed for a speedier system to be worked out.

Citizens band given a cautious go-ahead

BY ELAINE WILLIAMS

THE GOVERNMENT yesterday conditionally approved the establishment of a citizens band radio system in the UK. It will also introduce tougher measures to curb the mounting illegal use of imported CB sets.

It will take more than a year to introduce the new service, which will allow amateurs to operate a two-way radio system, after obtaining a licence from the Home Office.

In a Green Paper published yesterday the Government proposed that the new Open Channel will operate on a frequency of 900 MHz, far higher than the 27 MHz used illegally by an estimated 50,000 CB enthusiasts.

Mr. Timothy Raison, Home Office Minister, said that the high frequency would ensure that the Open Channel would not interfere with existing services in other bands. The 27 MHz band is already used for hospital paging systems and radio-controlled models.

In addition, the high frequency means that manufacturers in Japan and the U.S. will be unable to flood the UK market with low-cost CB radio sets. Mr. Raison said that it would open up opportunities for British makers.

In the first year the Government believes there will be a market for 150,000 sets, building up to about 3m.

While manufacturers had expected the Government to opt for a higher frequency, 900 MHz is far higher than they had hoped. It will require sophisticated and expensive equipment which is likely to limit the market. For example, an illegal CB set costs about £50 in the UK compared with an estimated £500 for the new Open Channel receivers.

Some CB pressure groups have declared "open war" on the Government, claiming that they will continue to transmit on the 27 MHz band until they force the Government to legalise the frequency to CB users.

The Government plans to introduce legislation banning the sale and advertising of

Mr. Raison said that once in operation, Open Channel would have very little Government control. The annual licence fee would be about £6.40.

The new channel will have a range of up to ten miles.

Granada lodges affidavit

GRANADA TELEVISION yesterday lodged an affidavit with the British Steel Corporation, six days after the Law Lords gave the television company one week in which to name the person who gave them confidential BSC documents.

But neither Granada nor BSC would say whether or not the affidavit named the informant who provided the documents used in a World In Action programme during the steel strike last winter.

British Steel said it had received the affidavit and was "considering it." Granada has already said that as a company it does not know the name of the informant.

Only the person concerned and one employee know.

It is presumed the seven-day deadline given by the House of Lords last week expires at midnight today

Doctors' parking rights

THE BRITISH Medical Association has negotiated an agreement with the Metropolitan Police which will give special consideration to London doctors parking their cars while visiting patients.

The police promise that a doctor's car will not be towed away without contacting the doctor at the patient's address, which should be displayed in the car.

In the past, the BMA said, there had been simply an "understanding" between the association and the police that doctors working in London faced special problems.

Rail Council notes good productivity progress

GOOD PROGRESS was being made in the first stages of this year's productivity agreements, the British Rail Council reported yesterday.

However, the council, in discussing BR's £24m operating loss in the first 24 weeks of the current year, noted "the need for urgent management action which included the restriction of investment and the exercising of great selectivity in the filling of essential vacancies."

On the need for a "dynamic transport policy" the council agreed that transport should be a priority in the work of the National Economic Development Council.

It will be seeking discussions with the Transport Minister and other parties to win support in "developing a more positive input into the NEDC discussions."

Specific proposals are likely to concentrate on the relationship of transport and energy policies and the setting-up of a little Neddy on land-based freight transport.

Part of M4 to be closed

A SECTION of the M4 will be liable to closure at night for 12 months to permit extensive maintenance on parapets, safety fences and signal gantries.

The elevated section of the motorway in Brentford, West London, between Chiswick roundabout and junction three at Parkway will be affected.

When the section is closed, traffic will be diverted along the Great West Road, Chiswick High Road, King Street, and Hammersmith Broadway.

De Beers' dawn share coup may change law

BY ANDREW FISHER

IMPORTANT CHANGES in UK company law could result from the assault by the De Beers mining group of South Africa on the shares of Consolidated Gold Fields through a strategy of secret purchases followed by a dramatic "dawn raid" on the London Stock Exchange last February.

In a report published yesterday two Department of Trade inspectors recommend that the Government consider making several amendments to the law, as well as the question of whether De Beers or anyone else has broken the law.

The report, prepared by inspectors Mr. Bryan Welch and Mr. Michael Osborne, chronicles De Beers' share-buying activities in considerable and tortuous detail. These were made a lot easier by last year's removal of UK Exchange Controls.

"We are satisfied," they assert, "that De Beers formulated its scheme with the express intention of avoiding the disclosure provisions of the Companies Acts." Ironically, the report came out on the day that the Stock Exchange's own council met to discuss the whole matter of "dawn raids."

Such operations, of which the lightning purcase by De Beers of Gold Fields shares was one of the earliest and most controversial this year, involve the buyer picking up a large slice of the equity in the target company at a price pitched temptingly above the market level.

De Beers owns about a quarter of the Gold Fields shares, but the inspectors question whether the South African company's scheme of buying through nominee companies would have enabled it to sidestep the disclosure provisions of UK law if it had been properly carried out.

One Liberian-incorporated company involved in the purchases, Brent, did atone time late last year own more than 5 per centof the Gold Fields share, putting it above the level at which disclosure is mandatory under company law.

The inspectors say: "It is our view that the Department and its advisers should consider whether an offence has been committed by De Beers and/or any of the other persons or companies involved." De Beers has already informed Gold Fields that Brent went over the 5 per cent limit.

At the UK end, the various De Beers purchases were made through stockbrokers Rowe and Pitman, past masters in the art of "dawn raids," andthe jobbing firm of Akroyd and Smithers. De Beers' brokers in Johannesburg are Davis, Borkum, Hare.

The inspectors say De Beers accepts that it had an interest in more than 5 per cent of Gold Fields' shares in the month from November 19, "but claims that it was not under an obligation to notify."

The Brent purchases were made through Central Holdings, a Luxembourg company which provides administrative services to De Beers and the related Anglo American Corporation, for currency convenience because of weakening in the market for rand, the South African currency.

Brent was bought from Charter Consolidated, another group company in which Anglo owns 36 per cent, on November 19. Arrangements were made for it to borrow funds from a Liberian subsidiary of Anglo American to buy shares in Gold Fields.

Through its London lawyers, Linklaters and Paine, De Beers gave the inspectors a full account of the Brent involvement, arguing that it had resulted from the actions of the Anglo American dealing department and its finance division.

Since the Brent arrangements were seen as temporary, the finance division did not feel it necessary to report these to De Beers, whose senior directors were, anyhow, abroad. But De Beers added that it did not feel there was an obligation to make a notification under UK company law.

The inspectors say that De Beers was clearly aware of the notification provisions in the Companies Act, "hence the necessity for the scheme." Before the "dawn raid" which netted it 11 per cent of Gold Fields' shares, it had already built up a clandestine 14 per cent stake.

"It is clear that a corporation may commit an offence which requires proof of a mental element," they add. "In each case, it must be decided on the particular facts whether the person who knew the relevant information was sufficiently senior and responsible for him to be identified as being the mind of the company, or only a servant or agent."

Picking up De Beers' statement to them that the Anglo dealing department and finance division "generally were representing De Beers," the inspectors state that this "confirms our view as to the artificiality of the scheme and suggests that during their execution of the buying campaign the share dealing department reported to the 'senior directors of De Beers'."

Maybe, they add, those masterminding the scheme did not appreciate the position. "In the event, there was an error in its execution through which th scheme manifestly failed in its objective."

If De Beers avoided breaking the law because of its earlier non-disclosure of the Brent share purchases, say the inspectors, "this was, in our view, solely through a fortuitous failure in communications."

The report says hte Government should look at the strength of the disclosure provisions in UK company law, bearing in mind the De Beers scheme. It also points out that legal problems could arise where criminal proceedings are contemplated against overseas companies.

Emphasising that De Beers expressed a willingness to co-operate, subject to local law, the inspectors said it was possible that a foreign group might claim it wanted to co-operate, but be "unable" to do so because of the legal position in its own country.

Clear procedures in draft code on closed shop

BY NICK GARNETT

THE DRAFT code on the closed shop contains specific and firm guidelines on how the Government hopes unions and employers will view these arrangements.

It contains clear procedures which the Government says should be followed in judging whether closed shops should be set up, how they should be carried out and how, once they exist, they should operate.

The draft, as with the picketing code, imposes no legal obligations but its provisions will be taken into account in court and industrial tribunal proceedings.

The code applies to all employment and to all closed shops, present and future whether these are written agreements or informal arrangements.

It supplements legislation contained in the Employment Act. This, basically, rules that it is unfair in certain circumstances to dismiss an employee for not complying with a requirement to be, or become, a union member.

These circumstances are that: *The employee genuinely objects on grounds of conscience or other deeply held personal conviction to being a member of any trade unions, or of a particular trade union;* the employee belonged to the class of employee covered by the closed shop agreement before it took effect and has not been a union member since;

The closed shop agreement came into effect *after the* Employment Act came into force, and has not been approved by a secret ballot of all employees affected showing that at least 80 per cent of those entitled to vote supported the agreement.

The Government says the *publication* of the draft code does not mean that it supports the closed shop. "The Government remains opposed to the principle underlying it—that *people should be required to* join a union as a condition of getting or holding a job runs contrary to the traditions of personal liberty in this country."

It says employers and trade unionists are increasingly worried about the effects of closed shop agreements.

"Nevertheless, closed shops *are a fact of our industrial life* and there are employers and trade unions who believe that such agreements can help create stability in industrial relations."

In the section covering the time when employers and unions consider a closed shop, the draft code underlines that such agreements require the willing participation of both parties.

Employers associations should be consulted at an early stage and employers should expect a union to show a very high level of membership "before even entertaining the possibility of agreeing to a closed shop."

The employer should have special regard to the interests of particular groups of professional staff who, as members of professional associations, are subject to their own code of ethics.

Because the obligations imposed by such a code may be incompatible with the full range of union activities, the employees concerned might well reasonably object to joining a union.

The employer should carefully consider the effects of a closed shop on his future *employment policy or industrial* relations. It might, for example, impede the flexible use of manpower or limit new staff recruitment.

Unions should already have voluntarily recruited a very high proportion of employees *concerned before seeking a* closed shop, the draft code says.

A union should be sure that its members who would be affected themselves favour a closed shop. "High union membership among those to be covered by the proposed closed shop agreement is not in itself *sufficient indication of their* views on the question."

A union should not start negot iations for a closed shop agreement which excludes other unions with a membership interest in the area concerned before the matter has been resolved with the other unions.

If proposals for a closed shop agreement become a matter of disute between employer and union, the issue should be dealt with in accordance with the *company's or industry's disputes* procedure.

On the scope and content of agreements, the draft code provides specific guidelines. These *include that it should indicate* clearly the class of employees to be covered; make clear that existing employees, and those who can show they have genuine objections, will not be required to be union members; provide that an employee will not be *dismisesed if expelled from his* union for refusal to take part in industrial action.

If the parties agree that payments to charity *are an alternative* to membership subscription, it should be made clear that this is voluntary.

Within the Employment Act's secret ballot provisions, employers an dunions will need to reach agreement on the type of union membership agreement proposed, definition to those entitled to vote and the provisions of detailed information for those entitled to vote.

The ballot form should be limited to the single issue of whether membership of the union party to the proposed agreement should be a requirement for employees in the class of employment it would cover.

A ballot should be conducted to ensure that all those entitled to vote have an oppor*tunity to do so and in secret.* The code says there will be greater confidence in the ballot if it is conducted by an independent body responsible for publishing the results.

Employers might feel that a higher figure than the 80 per *cent figure included in the Act* should be required before they agree to a closed shop, the code says.

In the operation of new or existing agreements, the code says these should be applied flexibly and tolerantly.

Employers and unions who have negotiated a *closed shop,* and employees covered by it, should not impose unreasonable requirements on those who are not parties or in scope of the agreement.

In the section dealing with reviews of closed shops, the code says these reviews should take place every few years—and more frequently—if there are changes in the law; in the parties to the agreement; their kind of work; or the composition or turnover of the workforce.

Employers and unions may wish to change the nature of the closed shop agreement. If there is evidence of insufficient *support, parties should allow* the agreement to lapse. Either party should be able to terminate it within the agreement's *specified period of notice.*

Where there is a joint agreement to continue the closed shop arrangements, they should *ensure there is continued sup*port and test this with a secret ballot in those cases where one has never been held or has not been held for a long time.

"Closed shop agreements which require people to belong to a trade union before they can be employed (the pre-entry *closed shop) particularly, may* infringe the right to work. No new agreements of this type should be contemplated and where they currently exist the need for *their continuation* should be carefully reviewed."

Union decisions on exclusion or expulsion from membership in closed shop areas should be taken only after all rules and procedures have been complied with.

In handling admissions unions should use clear and fair rules covering a wide range of matters including appeals and giving an expelled member the right to remain a member so long he is genuinely pursuing his appeal against the original decision.

There should be a fair opportunity of being heard, a fair *hearing and an honest decision.* The code underlines "honest decision." The code also stresses the use of TUC guidance on these matters.

Voluntary procedures are preferred to legal action. Unions should not consider taking action leading to an individual losing *his job* until its own procedures have been used fully and anq decision of an external body received.

Disciplinary action, or the threat of it, should not be taken by a union against a member for refusal to take part in industrial action undertaken by *the union.*

● The requirement on journalists to join a union creates the possibility of a conflict between the actions of unions and press freedom, the code says, although journalists should enjoy the same rights as other employees to join unions and participate in them.

Editors have final responsibility for the content of their publications and should not be subjected to improper pressure. They should be free to decide whether to join a trade union.

Engineers' offer to laggers unlikely to appease TUC

BY OUR LABOUR STAFF

NEW PROPOSALS for dealing with the Isle of Grain lagging dispute have been put forward by one of the unions which could face suspension from the TUC over the affair.

But *the initiative from the* engineering section of the Amalgamated Union of Engineering Workers seems to fall a considerable distance short of *meeting the TUC's formal* advice to unions over the dispute, so its chances of achieving success may be limited.

The engineering workers *have written to the TUC offer*ing to implement part at least of the TUC's own proposals for settling the inter-union dispute over thermal insulation contractors at the Kent power station site.

The engineers are prepared to let the original 27 laggers, members of the General and Municipal Workers' Union, back on to the site at the same bonus rates and other terms as apply to other laggers working there. *They* would also be prepared to see the Municipal Workers negotiate such an agreement with the Central Electricity Generating Board.

The engineering section, though, insists that the 57 trainee laggers on the site brought in to take over the work previously done by the GMWU laggers will stay until the end of the site contract.

The engineering section claims 19 trainee laggers at the site as members, the AUEW construction section 17, the Boilermakers' Society three, with other unions also involved.

Engineering section officials said yesterday that both the construction section and the Electrical and Plumbing Trades Union were in broad agreement with the proposal.

The engineering union would like to see a joint approach to the CEGB and the Thermal Insulation Contractors Association to suggest that the laggers on the site be retained on these *terms, and would like a further* meeting with the Municipal Workers to discuss the unions' responsibility to honour the TUC's Bridlington agreement on inter-union relations.

Sir John Boyd, the engineers' general secretary, said yesterday that the agreement finally reached had to be honourable, acceptable and workable — and that the TUC's proposals did not meet these criteria.

Both the GMWU and the TUC, which have been insisting that the trainee laggers end insulation work at the site, are unlikely to be receptive to the engineers' proposals.

A longer-term *possibility for* the engineering section is the transfer of membership of the trainee laggers to the GMWU.

● Trade unions in the electricity *supply industry* have decided against submitting evidence to the investigation of the CEGB by the Monopolies Commission.

Mr. John Lyons, secretary of the union side, in a letter to the commission and to Mr. David Howell, Energy Secretary, said that the unions believed the reference to the commission to be unnecessary and "motivated entirely by political considerations."

Move to improve PO offer

By Philip Bassett, Labour Staff

POST OFFICE managers have decided to go to arbitration to try to improve a pay and productivity offer which would give *them immediate increases of 20* per cent with a further 3 per cent to be paid in two stages by next April.

The decision by the Post Office Management Staffs' Association to go to arbitration over the offer — which is in line with those already accepted by *146,000 Post Office engineering* workers and 37,000 clerical staff — is an effort to restore differentials.

The union was told at arbitration last year that its differential problem was recognised, but award could not be made since it might prejudice *the Post Office programme of* grade restructuring in its telecommunications business.

Since, the union claims the arbitration awards to the engineering unions have shown that something other than a common approach is being operated by the Post Office.

The association has accepted a slightly lower pay offer for its Post Office catering members. This will give a 20 *per cent increase, and an un*consolidated productivity bonus of 1 per cent, which the circular admits has no scheme to justify it.

Top grade catering staff will rise from £8,500 at the maximum to £10,200; and the bottom grade from £4,200 to £5,040.

Nick Garnett explains details of the codes of practice on closed shops and picketing

Guidance on peaceful picketing

THE draft code on picketing is published to try to ensure picketing is carried out peacefully and lawfully and that rights and responsibilities are clearly understood by unions and employers.

The code's purpose is to give guidance on the law and on the "proper conduct" and organisation of pickets.

The draft code on picketing covers six areas of activity, the civil law, criminal law, the role of the police, the limiting of picket numbers, picket organisation and the movement of essential supplies and services.

The code explains the first three of these in terms of specific laws and is a guide to existing legislation for unions and employers.

The last three form a genuine code — how the Government would prefer unions to act in disputes. These impose no legal obligations and failure to observe them does not by itself render anyone liable to proceedings.

The Employment Act, however, requires any relevant provision of the Code to be taken into account in court, industrial tribunal or central arbitration committee proceedings.

Within civil law, the basic rules for lawful industrial picketing are:— it must be undertaken in contemplation or furtherance of a trade dispute: it must be carried out by a person attending at or near his own place of work or in the case of a trade union official additionally at or near the place of work *of a member of* his trade union whom he is accompanying on the picket line and whom he represents: its only purpose must be to peacefully obtain or communicate information or peacefully persuade a person to work or not to work.

If pickets follow these rules, they are protected from being sued in the civil courts.

"If pickets follow the rules they are protected from being sued in the civil courts."

Where employees picket at their own place of work in support of a dispute between another employer and his employees, these pickets will have to target *their picketing* precisely on the supply of goods or services between their employer and the employer in dispute.

Pickets may seek to explain their case but they have no powers to require other people to stop or to compel them to *listen or to do what they have* asked them to do.

The draft code then moves into the area of what the Government believes to be good practice.

Picket organisers should always maintain close contact with the police, the code says. In particular the organiser and the pickets should seek early advice from the police on where they should stand on a picket line in order to avoid obstructing the highway, and agree with them a limit on the number of pickets.

The main cause of disorders on picket lines is excessive numbers, particularly when this does not produce peaceful persuasion but obstruction or intimidation.

"The number of pickets at an entrance to a workplace should be limited to what is reasonably *needed to permit* the peaceful persuasion of those entering and leaving the premises who are prepared to listen.

"As a general rule, it will be rare for *such a number to* exceed six, and frequently a smaller number will be sufficient.

The code says police will often discuss this matter with pickets but warns that under law if a picket does not leave the picket line when asked to do so by police he is liable to be arrested for obstruction.

On picket organisation, the draft code recommends that a trade union official who represents those picketing should always be in charge of the picket line. He should have a letter of authority from his union which he can show to *police officers or to people who* want to cross the picket line.

"Where several unions are involved in a dispute, they should consult each other about the organisation of any picketing. It is important they should agree how the picketing is to be carried out, how many pickets there should be from each union and who should have overall responsibility for organising them."

A trade union member who decides to cross a picket line should not be subject to any sanctions or disciplinary action by his union. Under the new

Finally, on essential supplies and services, the code says pickets should take great care to ensure that their activities do not cause distress, hardship or inconvenience to members of the public not involved in the dispute.

"Pickets should take particular care to ensure that the movement of essential goods and supplies, the carrying out of essential maintenance of plant and equipment and the provision of services essential to the life of the community are not impeded, still less prevented." Arrangements should *be worked out in advance* between unions and employers concerned.

"The main cause of disorder on picket lines is excessive numbers, particularly when this does not produce peaceful persuasion but obstruction or intimidation."

An illustration of essential *supplies and services includes* supplies for the producing and marketing of medical and pharmaceutical products: essential supplies for health and welfare *institutions; heating fuels for* schools, residential institutions: public health and safety materials such as water purification agents, industrial and medical gases: supplies of goods and services for maintaining plant and machinery; livestock, supplies for producing and marketing of food and animal foodstuffs, and the operation of emergency services such as air safety, meals on wheels, Red Cross, and hospital car services.

CBI seeks rules for unions

By Nick Garnett, Labour Staff

THE CBI yesterday sent Mr. James Prior, Employment Secretary, a list of issues it believes should be covered by the Green Paper the Government intends publishing later this year on trade union *immunities.*

Some of its suggestions on the way the Government might wish to pursue these issues, though, are fundamentally opposed by the TUC.

The Green Paper should give detailed consideration to the role of the law in industrial relations, the CBI says.

It argues that the traditional voluntary system is no longer adequate on its own to deal with the pressures caused by collective bargaining.

"The Green Paper will therefore need to examine the extent to which the law should be limited to providing a frame*work within which* the traditional voluntary arrangements can continue to operate, or whether it should be a more substantial structure regulating more closely the relations between bargaining parties."

It argues that the Green Paper should examine the establishment of legal status for trade unions, defining their rights, including a right to strike "in certain circumstances." This study would need *to cover* the granting of positive rights to individuals in relation to employers and unions.

The Paper should also consider whether union immunity should be limited to primary action only, or whether some scope should be left for taking sympathetic action. The accountability of unions in their own right and for the acts of their officials also needs to be explored.

UK NEWS

Brewers blame cold weather

By Gareth Griffiths

BEER PRODUCTION in the UK continued its downward path *in June* with brewers placing the blame for the fall on the cold weather and the general effects of the recession.

The Brewers Society said yesterday beer production in June was *3,480,249 bulk* barrels.

This compared with 3,915,135 bulk barrels in the same month last year—a fall in 1980 of 11.1 per cent.

Low figures

Beer production in the first six months of the year was down one per cent on 1979 at 19,877,414 bulk barrels.

***The decline is in fact much* more dramatic because of low production figures in the early part of 1979 caused by industrial disputes.**

During the three months April to June beer production fell by 6.4 per cent and the trend shows no signs of *picking up.*

More UK news, Page 16

The Brewers Society is pinning its hopes on a "really hot spell to give the country *a tonic and put some* buoyancy back."

Beer sales have already started declining in the north and sales in the south have shown modified growth.

Many brewers are now worried about whether the industry can stand a further *round of price increases in* the autumn.

Average increases of 2p a pint have been predicted.

Fresh perspective on job creation

MRS. GLENN STUBBS, who runs an engineering consultancy

JOURNEY ROUND ENGLAND

By Anthony Moreton

GUISBOROUGH is one of those self-contained village towns for which England is justifiably noted. In Worcestershire or *Surrey it might have become* chi-chi, but in Cleveland it has kept its identity. It is a long, tree-lined street flanked by cobblestones on which cars now park.

The large number of pubs testifies to the capacity of its folk to partake of alcoholic refreshment. There's the Three Fiddles, the King's Head, the Buck, Black Swan, Ship, Mermaid and Seven Stars and, just around the corner, the Fox.

Between a wineshop called Goldfinch (there's another called, unaccountably, Winterschladon) and the Bradford and Bingley Building Society is a *door with a simple nameplate* that reads: Strandcroft Ltd., consulting engineers. Upstairs sits its founder, Glenn Stubbs.

Glenn is one of those Christian names, like Robin or Evelyn, that can be given to a boy or a girl. Glenn Stubbs is a woman, which sometimes surprises those with whom she comes into contact. They don't expect engineering consultants to be women.

Mrs. Stubbs set the company *up to undertake demolition* work, act as a job-finding agency and carry out sub-contracting work. "I wanted to get a business going here in Guisborough. The town has two factories, one making moulds and the other clothes, but there are very few opportunities for the kids.

"*They have to go to Skelton,* or Middlesbrough or Redcar to find work. And the big problem is that the Job Creation scheme has led to fewer being offered apprenticeships.

"I've seen it happen time and again. A youngster will be taken on for six months and then told *at the end of it that he is not* quite what the firm wants or the economic situation is not quite right to justify more staff. The *firms then go out and get* another for the work experience scheme. The Government is killing apprenticeships."

All has not gone smoothly, however, in her drive to bring new jobs to Guisborough. The demolition side was intended to cater for the growing need to break up large blocks of concrete, especially in modern buildings. "Buildings put up in the 1950s and 1960s are now coming to the end of their useful life.

"At the time they were put up no one bothered about how to get rid of these huge slabs. *If the buildings are not near* others, you can blow them up but this is not always possible in a city. So we decided to use thermal lances to cut holes in the concrete and then force compressed air in until the concrete splits."

Unfortunately, there were *complications* with a partner and this side of the business foundered. But Mrs. Stubbs had already started the agency business and with the ending of demolition work she has been building up the agency and subcontracting sides.

"The agency is two-pronged. We do permanent agency staff recruitment for large companies, all in the engineering field and some of it for the North Sea oil work. Then I have a side where people want to work for short periods of about two to three years and they work for me.

"*I have been helped by the* British engineer becoming lazy about finding a job. All he has to do now is write out one application and send it to an agency and wait for a job to appear.

"But I can't place him just by sitting here myself. I have *to travel to see what is avail*able and to make contacts. The consultant has to be known, and that means going where the work is."

Mrs. Stubbs admits that being a woman is a bit of a handicap in some places, such as the Arab countries. But she finds the oil states of America among the worst to deal with.

"They treat you beautifully, open doors for you, help you off with your coat. But they won't take a woman seriously. They don't think women have a place in business. They are living in the mint juleep era and just don't want to come out of it."

Tomorrow: academic detachment in Middlesbrough.

Sterling likely to stay firm

By David Marsh

STERLING is likely to remain firm on the foreign exchanges over the next few months and could even appreciate further as a result of the oil-induced strength of Britain's balance of payments. But over the longer-term the pound is likely to fall as the large-scale deterioration in industry's competitive position of the last few years works through to the exchange rate.

These are the principal conclusions of a report on the prospects for sterling by Morgan Guaranty, the major U.S. bank.

The bank says that the Government will move only cautiously in lowering interest rates. The inflation rate is now falling, but is unlikely to be out of double figures until well into 1981, if then.

But as inflation falls, interest rate differentials with other countries are likely to narrow substantially. *This could cause overseas* investors to relinquish some of their short-term sterling holdings.

At this stage, Morgan Guaranty says, some correction can be expected to the pound's high exchange rate, which in real terms (making *allowance for* international inflation differentials) is about 40 per cent above the 1973-77 average. However "a reversion to the mid-1970s level is unlikely."

The recession and continued North Sea oil exploitation may eliminate the *current account deficit* during the next few quarters, but the medium-term outlook is for a reversion to deficit.

CONTRACTS

£13m N. Sea order for Redpath Engineering

REDPATH ENGINEERING'S Linthorpe Dinsdale works has received a £13m contract from BP to supply two multi-storey accommodation modules—described as floating hotels for North Sea workers—to be used in the *Magnus* field. Included is the construction of a heli-deck and the contract will be completed by March 1982.

★

PLESSEY AVIONICS AND COMMUNICATIONS has received a £5m order from the Ministry of Defence for the supply of modular data acquisition systems. The order covers both airborne equipment and the supply of computer-based ground recording and replay stations.

★

Computerised matching of suitable job vacancies with available applicants will *soon* be available at all Reed Executive branches, with the help of a new information retrieval system. This new computer system, costing more *than £1m has been ordered* from **INTERNATIONAL COMPUTERS.**

★

JOHN BRIGNELL AND CO. has been awarded six contracts with a total value of £2.3m. Work involves industrial schemes, housing projects, conversions and refurbishing contracts.

★

MARRYAT JACKSON NORRIS has been awarded a £1.7m contract *for mechanical building* services at the new Hilton Hotel in Catwick. The contract covers air conditioning in all bedrooms and reception areas, all hot and *cold* water services and public health engineering for the multi-storey hotel. Work is due for completion in 1981.

★

Companies in the **LONDON AND NORTHERN GROUP** have been awarded contracts in excess of £1.3m for building contracts *in the Midlands and North* England. These include a contract for the building of a public house by E. Fletcher Builders at Stoke for £150,778 and two *contracts secured* by Border Engineering Contractors, Whitehaven, and subsidiary *William* Huddleston and Sons, Morecambe, for 41 flats at Galashiels for the Kirk Care Housing Association and an advance factory at Heysham for English Industrial Estates Corporation together valued at £922,488.

★

Water and effluent treatment specialists **DEGREMONT LAING** has been awarded a contract worth over £1m by the British *Steel Corporation's Scunthorpe* division. The turnkey contract is for the design, supply and construction of a recirculating water treatment plant to serve new coke ovens at the Scunthorpe steel works.

★

Equipment for biscuit and cracker production is scheduled for shipment to Nigeria in November from the Merseyside factory of **SIMON-VICARS** under a contract worth nearly £700,000 placed by the Biscuit Manufacturing Company of Nigeria, Ikeja, Lagos State. The order covers a flour handling system, sugar grinding machinery, high*speed dough mixers,* vertical cut-sheet laminating and dough handling/conveying systems.

★

WYSEPOWER has won a contract worth £550,000 from Balfour Beatty Nuttall for the supply of power distribution, lighting and generating equipment which will be needed through the 4½-year construction period of the hydro-electric project at Victoria Falls near Kandy, Sri Lanka. The contract covers ten 500kW generators for power stations on site and five 250kW enclosed generators which will provide the mobile power needed throughout the contract period.

Lack of coherent strategy blamed for expensive DHSS mistakes

BY ROBIN PAULEY

A COMPLETE LACK of strategy and coherent policy is causing the Department of Health and Social Security to make expensive mistakes, a Commons watchdog committee said yesterday.

The criticisms are contained in the report of the Social Services Select Committee, which has been trying to probe deeply into the functioning and administration of the DHSS.

"It is most unsatisfactory. Ministers do not know the implications of spending cuts on their own policies. They do not understand the inter-action of policies and so cannot see the effect of a cut in one area on policy in another.

"Sometimes policy has the opposite effect of that intended and some cuts to social services have been counter-productive," Mrs. Renee Short, chairman of the committee, said yesterday.

The DHSS is the largest spender of Government cash. In 1980/81 it will spend £28.5bn. more than a third of the total public expenditure commitment of £74.5bn.

"We were not able to elicit any specific information about what assumptions the department is making about the likely effects on the NHS of the planned cutback in social services," the report says.

"Neither does the department appear to know what the likely impact of rising unemployment will be on the NHS or the personal social services.

"The committee wishes to record its disappointment and dismay at the continuing failure of the DHSS to adopt a coherent policy strategy across the administrative boundaries of individual services and programmes."

One alleged mistake was the decision to scrap earnings related supplement and move payment of sickness benefit from Government to employers.

The Government thought this would save £31m, but the committee says other costs which will increase elsewhere as a result of the changes will total £75m, leaving the taxpayer about £44m worse off.

"Rather than deciding upon an overall strategy and then adjusting the various elements of the strategy accordingly, policy is made by taking decisions about specific items and then having a retrospective look to see what their combined effect turned out to be," the report says.

The committee is equally scathing on the effects of cash limits. It accepts the importance of cash limits in the control of public expenditure. "But how realistic are the assumptions built into the cash limits? And who should take responsiblity for the implementation of cash limits cuts?" the report asks.

"It is clear that in one respect the 14 per cent increase assumed in the cash limit is unrealistic: the price index of goods purchased in by the NHS is currently increasing at a rate of more than 20 per cent. So, even assuming a progressive deceleration in the rest of the financial year, there is bound to be a cash limits squeeze in 1980-81."

"If unpopular decisions have to be taken to reduce the level or scale of services — as a result of the operation of the cash limits system — Ministers must take responsibility for the implementation of their policies and their effects on services," the report says.

Taking this point up yesterday, Mr. Nicholas Winterton said it was time both health authorities and the DHSS became more accountable.

"It must be accepted that cash limits can have an effect on services to patients. The DHSS hides behind some bureaucratic bumbling and the health authority will also hide behind its bureaucracy. The patient loses out. Both sides must become more responsible. They are not providing adequate information," he said.

The Public Expenditure White Paper appeared to suggest that the administrative costs of social security were planned to increase by 10 per cent in real terms between 1980-81 and 1981-82 (from £272m to £800m).

When Mrs. Short questioned Mr. Reg Prentice, Minister for Social Security, he said, to her great annoyance, that she should take the figures "with a pinch of salt" because they were rounded up and down.

"This is simply not good enough when you are looking at White Papers on public expenditure and we are not going to accept this sort of thing," Mrs. Short said

This year the committee had started looking at the White Paper rather late, but the results of its digging and some of the unsatisfactory answers it got has determined it to start earlier next time.

Government White Papers on Public Expenditure: the Social Services; Commons Social Services Committee; HMSO; £1.75.

Tory peers urged to rebel on block grant

By Ivor Owen

TORY PEERS were urged from the Opposition front bench in the House of Lords last night to deny Mr. Michael Heseltine, Environment Secretary, the new powers he is seeking to curb overspend- local authorities.

In the second reading debate on the Local Government Planning and Land (No. 2) Bill, Baroness Stedman, chief Labour spokesman, argued that no Minister should be given such wide-ranging authority to interfere with the spending decisions reached by local councillors.

She stressed that the local authority associations were unanimously opposed to the new block grant arrangements embodied in the Bill and urged Tory peers to join with the Opposition when attempts are made to secure changes during the committee stage.

Her criticism of the block grant procedure was endorsed from the Tory backbenches by Viscount Ridley, president of the Association of County Councils.

"We do not believe the proposals will completely solve the defects in the present system and they may create others just as serious," he said.

Lord Ridley said the Bill represented a "fundamental and significant shift in power" from local to central government.

Outspoken criticism of the block grant provisions also came from Lord Greenwood, a former Labour Minister for *Housing*

He warned that without changes, the new system would introduce "crippling uncertainties" into local government finance.

Lord Bellwin, Under-Secretary for the Environment, who moved the second reading of the Bill, denied that the block grant was a device to enable central government to curtail expenditure by local authorities.

"Block grant is certainly indirectly about discouraging overspending," said Lord Bellwin, "but basically it is about the distribution of grant to equalise resources and needs between all local authorities so they can provide roughly equivalent services to their citizens."

Cuts in Civil Service to be monitored quarterly

BY PHILIP BASSETT, LABOUR STAFF

CUTS IN the size of the Civil Service are to be closely monitored on a quarterly basis by the Commons' all-party Treasury and Civil Service Select Committee.

The new scrutiny of the continuing effectiveness of the Government's programme to reduce the size of the Service to about 630,000 by the time of the next general election, follows concern expressed by the committee yesterday at the lack of detailed planning behind some of the announcements of cuts.

The committee, in a report on manpower reductions in the Service, said yesterday that because of this lack of planning and information it was impossible at present to judge whether the cuts have so far been too deep or not deep enough.

Its report stated: "We are concerned that the inability to express the 102,000 net contraction in the size of the Civil Service in terms of tasks to be either cut or reduced represents a weakness in the Government's policy."

The figure mentioned is the number needing to be cut for the 630,000 target to be reached.

In particular, the committee was critical of the apparently arbitrary nature of the latest round of cuts, announced by the Prime Minister in May.

The MPs said that Mrs. Thatcher's announcement "appears to have been a mainly political decision based on intention rather than on calculation."

The Government was unable to state which services were to be affected by the cuts, unable to produce a figure for the net cost saving, unable to estimate how much work would be given to the private sector, and unable to estimate what effects the cuts would have on industrial as opposed to non-industrial staff, headquarters or regional staff, or on particular Civil Service grades.

The report notes that by April, 1984, the gross saving from the 102,000 reduction in the numbers of civil servants will be about £675m.

The committee states pointedly, though: "Wehave seen no assessment by the Government of the social and economic effects of ending or reducing services that make up the Government's action list.

"It is impossible to come to any view of the impact of the cuts in Civil Service numbers until the Government has detailed the services which are to go and given some assessment about the effects of their abolition."

Because of the lack of information, the increasingly powerful committee has persuaded the Civil Service Department to supply it with quarterly progress reports of the actual cuts effected.

In particular, the committee will be monitoring the division of the cuts between the industrial and non-industrial civil service; the net savings and extent of transferring tasks to the private sector; breakdowns of the cuts by region and rank in the white-collar service; how far the savings result from ending or curtailing services or from increased efficiency; and the total financial saving to the Exchequer.

Committee members were also critical yesterday at the lack of central control and responsibility below Cabinet level of and for the Government's total manpower requirements.

The committee also called for the work being done by Sir Derek Rayner, the Prime Minister's personal adviser on Civil Service efficiency, to be made permanent.

The committee was also due yesterday to publish a report on the future of the CSD before the Prime Minister takes a decision, over the Parliamentary recess, on whether to abolish the department completely and reintegrate it with the Treasury, or to set up a department of expenditure and manpower based on the responsibilities in those areas currently held by the Treasury and CSD respectively.

However, the committee has so far been unable to reach a firm conclusion. It has ruled out two of the options—apart from the above, they include increasing the co-ordination between the two departments, and bringing just the manpower services division of the CSD back into the Treasury.

At the moment, though, the committee is unable to decide between the other two options, and so its report is now not likely until September, by which time the CSD's fate may well have been decided.

Civil Service Manpower Reductions: fourth report from the Treasury and Civil Service Committee. Two vols., HMSO 712 I and II, London.

Better roads a priority to attract London industry

BY JAMES McDONALD

IMPROVED ROADS were always almost amongst the top three prerequisites mentioned in discussions on new industry in London, the House of Commons Select Committee on Transport was told yesterday by Greater London Council witnesses.

The Government White Paper on Roads gives priority to completion of the M25 oribtal motorway round London and the GLC was asked what effect it would have in attracting industry back to London.

Mr. Alan Greengross, leader of the council's planning and communications policy committee, said much would depend on the infrastructure of roads which might be developed with the M25. Without such an infrastructure, new industry would have to site itself near the motorway.

The GLC feels the M25 would remove a large volume of heavy through traffic from London, act as a collector and distributor between the national trunk road radials, and improve links with the Continent.

The GLC will need to continue to press upon the Government the claims of schemes within urban areas, especially the inner city areas to which funds should be directed, the planning committee said.

Year-end date for monetary policy report

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ALL-PARTY Treasury and Civil Service Committee of MPs aims to complete its major inquiry into monetary policy by the end of the year.

This objective was disclosed yesterday by *Mr. Edward du Cann*, committee chairman, at a press conference following the publication of a number of reports and memoranda of evidence.

Apart from the civil service and monetary control Green Paper reports, the main item was 180 pages of submissions on monetary policy from organisations and economists of widely differing views.

Mr. Kenneth Baker described the submissions as a vade mecum of monetarism which he said should be a best seller among university students and sixth-formers.

Mr. du Cann said the committee would be using the recess to digest this material, other unpublished evidence and what had been learnt from the seven oral public hearings, with a view to seeing whether they could come to a clear conclusion when Parliament returns in late October.

He said the committee would then be taking evidence from various bodies, including the U.S. Federal Reserve and another foreign central bank.

Referring to the committee's future plans, Mr. du Cann said it would consider updating its report of late April on the Budget and the Government's spending plans after the publication of the Industry Act economic forecast in November.

Among other subjects reviewed are likely to be the form of the estimates, a so far unspecified tax subject, the Armstrong report on budgetary reform, a major aspect of fiscal policy — such as possibly the balance between capital and current spending — and the Green Paper on the role of the Comptroller and Auditor General.

The memoranda on monetary policy amount to a symposium of all the main viewpoints, with more evidence to come.

Apart from the Treasury and the Bank of England evidence (already separately published) the submissions include some from abroad — from the U.S., Swiss and Austrian central banks, all with tactful reticence about the UK experience.

Less restrained is Professor Milton Friedman who approves of the general outlines of the Government's monetary strategy but describes as unwise the key role assigned to targets for public sector borrowing.

He says these numbers are highly misleading because of the failure to adjust for the effect of inflation and because there is no necessary relation between the size of borrowing and monetary growth.

Professor Friedman is also critical of the Green Paper on monetary control.

The domestic contributors include supporters of a strong reliance on monetary targets (such as Professor Patrick Minford from Liverpool University), as well as vigorous critics (notably Lord Kaldor and Professor Frank Hahn, both from Cambridge University).

Some members of the committee were apparently impressed by Lord Kaldor's evidence which combines a detailed assault upon the main tenets of monetarism with the advocacy of a statutory incomes policy, a counter-inflation strategy and either a two-tier exchange rate or general import controls.

Professor Hahn argues that there may be no particular advantages, but considerable costs, in trying to bring down the rate of inflation. Alternatively, it might be possible to aim for a stable inflation rate.

The doubts of policymakers of the 1960s and 1970s about the present prominence of monetary policy are reflected in the comments of Lord Croham, who as Sir Douglas Allen was Permanent Secretary of the Treasury between 1968 and 1974, and Sir Alec Cairncross, a former chief economic adviser at the Treasury.

Lord Croham accepts that monetary policy is an essential element in the current strategy but he does not consider it alone can form a sufficient policy for the steering of the economy. If excessive claims are made for it, monetary policy will soon become discredited.

Monetary policy needs to be supplemented by policies concerned with the supply side of the economy. "I do not see monetary policy as more than an essential component of economic management and a relatively shorter-term one at that," said Lord Croham.

Sir Alec Cairncross is more sceptical. "Because of uncertainties outside the monetary sphere, it is almost impossible to keep the growth of the money supply within narrowly defined limits, and a monetary policy seeking to do so regardless of circumstances could be disastrous."

Among other memoranda are those from the Trades Union Congress and the Confederation of British Industry (both reiterating already known positions), from the London Discount Market Association (in favour of the announcement of sterling M3 and public sector borrowing targets), from the National Institute of Economic and Social Research, and from other academic economists.

Memoranda on Monetary Policy (Commons Paper 720); price £5.

Doubts on monetary control proposals

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CONSIDERABLE scepticism about recent proposals for improved short-term monetary control has been expressed by the all-party Treasury and Civil Service Committee of the Commons.

In a report on monetary control published yesterday, the committee gives its preliminary views on the consultative Green Paper published by the Government last March. This is ahead of its major report into monetary policy expected before the end of this year.

The committee describes the Green Paper as hazy on whether it is dealing with techniques for smoothing-out short-term fluctations around a trend, or with techniques for influencing the longer-term trend itself.

It notes that if the money supply were to fluctuate within the declared range rather than around its upper limit, financial markets might well be less interested in short-term monetary movements.

The report says: "The main underlying technical question is whether monetary control via interest rates policy and its consequences are likely to be more effective and acceptable than one operating by directly controlling the banking element of the monetary base; and if not, whether the gap in effectiveness is sufficient to justify restricting the central bank's lender-of-the-last-resort facility.

"Faced by the potentially different causes of variations in sterling M3, there is also the need to exercise judgment as to the appropriate form and size of response by the authorities.

"Given the highly-developed and open nature of the UK financial system, the committee considers it unlikely that an automatic application of a single technique of control will be either appropriate, or acceptable to Parliament."

The report is accompanied in a separate volume by five lengthy memoranda on the issue

The main one, commenting both on the Green Paper and on submissions from the other economists, is from Professor Harold Rose, Group Adviser to Barclays Bank, and specialist adviser to the Committee.

Other memoranda are from Professor Andrew Bain of the University of Strathclyde, Mr. Richard Coghlan of the Bank Credit Analyst, Professor Brian Griffiths and his colleagues at the City University, and Professor Richard Sargent of the Midland Bank.

The report and these submissions mark a major stage forward in the public debate about the Green Paper.

The memoranda published yesterday are divided about the merits of the possible monetary base and indicator systems outlined in the Green Paper.

In his submission, Professor Rose says that the concentration of the Green Paper on the technical aspects of monetary policy neglects some of the broader issues on which a view has to be taken before assessing technical alternatives.

Third Report from the Treasury and Civil Service Committee, Session 1979-80, Monetary Control volume 1 (Commons Paper 713-1), price £1 and volume 2 (Commons Paper 713-2), price £2.50.

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	July 16, 1980 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	33,761	+1,848
Scottish clearing banks	3,683	+ 250
Northern Ireland banks	1,159	− 15
Accepting houses	2,862	+ 397
Other	8,980	+1,274
Overseas banks		
American banks	5,710	+ 709
Japanese banks	533	+ 141
Other overseas banks	4,348	+ 393
Consortium banks	463	+ 48
Total eligible liabilities*	61,499	+5,044
Reserve assets		
UK banks		
London clearing banks	4,323	+ 295
Scottish clearing banks	482	+ 42
Northern Ireland banks	168	− 2
Accepting houses	403	+ 61
Other	1,207	+ 196
Overseas banks		
American banks	761	+ 100
Japanese banks	75	+ 20
Other overseas banks	629	+ 55
Consortium banks	73	+ 10
Total reserve assets	8,122	+ 779
Constitution of total reserve assets		
Balances with Bank of England	357	− 118
Money at call:		
Discount market	4,287	+ 874
Other	298	− 34
UK, Northern Ireland Treasury Bills	1,200	—
Other bills:		
Local authority	390	− 46
Commercial	1,127	+ 93
British Government stocks with one year or less to final maturity	462	+ 9
Other	—	—
Total reserve assets	8,122	+ 779
Ratios %		
UK banks		
London clearing banks	12.8	+ 0.2
Scottish clearing banks	13.1	+ 0.3
Northern Ireland banks	14.5	—
Accepting houses	14.1	+ 0.2
Other	13.4	+ 0.3
Overseas banks		
American banks	13.3	+ 0.1
Japanese banks	14.0	− 0.1
Other overseas banks	14.5	—
Consortium banks	15.8	+ 0.6
Combined ratio	13.2	+ 0.2
	£m	£m
n.b.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	166	− 42
2—Finance houses		
Eligible liabilities	493	− 44
Reserve assets	52.2	− 2.7
Ratio (%)	10.6	+ 0.4

Special deposits at July 16 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £44,293m (up £5,353m).

London Clearing Banks' balances

as at July 16, 1980

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK banking sector	5,152		−2,933	
UK private sector	37,374		+1,687	
UK public sector	592		+ 91	
Overseas residents	4,343		+ 103	
Certificates of deposit	2,240		+ 116	
		49,700		− 936
of which: Sight		17,979		−1,307
Time (inc. CD's)		31,720		+ 371
Foreign currency deposits:				
UK banking sector	6,921		− 264	
Other UK residents	1,350		− 25	
Overseas residents	17,495		+ 112	
Certificates of deposit	1,574		+ 103	
		27,340		− 74
Total deposits		77,040		−1,010
Other liabilities*		12,249		+ 11
TOTAL LIABILITIES		89,289		− 999
ASSETS				
Sterling				
Cash and balances with Bank of England		1,274		− 52
Market loans:				
Discount market	2,496		+ 309	
UK banks	7,650		−3,731	
Certificates of deposit	1,605		− 131	
Local authorities	1,072		+ 191	
Other	570		+ 48	
		13,393		−3,314

	Total outstanding £m	£m	Change on month £m	£m
Bills:				
Treasury bills	653		+ 68	
Other bills	1,248		+ 93	
		1,901		+ 161
Special deposits with Bank of England		437		+ 209
Investments:				
British Government stocks	937		− 741	
Other	1,882		− 10	
		2,819		− 751
Advances:				
UK private sector	30,069		+2,299	
UK public sector	423		+ 121	
Overseas residents	3,013		− 205	
		33,506		+2,214
Other sterling assets*		7,258		+ 143
Foreign currencies				
Market loans:				
UK banks and discount market	6,455		+ 268	
Certificates of deposit	118		− 18	
Other	11,635		+ 16	
		18,207		+ 265
Bills		23		− 17
Advances:				
UK private sector	2,183		− 68	
UK public sector	852		+ 12	
Overseas residents	5,897		+ 162	
		8,932		+ 106
Other foreign currency assets*		1,539		+ 37
TOTAL ASSETS		89,289		− 999
Acceptances		946		− 382

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing	TOTAL Change on month	BARCLAYS Out-standing	BARCLAYS Change on month	LLOYDS Out-standing	LLOYDS Change on month	MIDLAND Out-standing	MIDLAND Change on month	NATIONAL WESTMINSTER Out-standing	NATIONAL WESTMINSTER Change on month	WILLIAMS & GLYN'S Out-standing	WILLIAMS & GLYN'S Change on month
LIABILITIES	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Total deposits	77,040	−1,010	21,783	−227	13,725	−565	15,930	+387	23,460	−600	2,142	− 5
ASSETS												
Cash and balances with Bank of England	1,274	− 52	403	+ 37	219	− 42	260	− 23	346	− 23	45	− 1
Market loans:												
UK banks and discount market	16,601	−3,154	4,672	−1,074	2,373	−968	2,685	+ 76	6,389	−1,150	482	− 38
Other	15,000	+106	4,449	+240	3,761	+159	2,374	− 92	4,100	−181	315	− 21
Bills	1,924	+144	457	+ 36	222	− 14	566	+ 12	636	+ 97	43	+ 13
British Government stocks	937	−741	180	−262	118	− 53	329	−199	258	−202	52	− 24
Advances	42,438	+2,320	12,206	+725	7,137	+252	9,697	+510	12,125	+778	1,274	+ 55

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Out-standing	TOTAL Change on month	BARCLAYS Out-standing	BARCLAYS Change on month	LLOYDS Out-standing	LLOYDS Change on month	MIDLAND Out-standing	MIDLAND Change on month	NATIONAL WESTMINSTER Out-standing	NATIONAL WESTMINSTER Change on month	WILLIAMS & GLYN'S Out-standing	WILLIAMS & GLYN'S Change on month
Eligible liabilities	33,594	+1,855	10,215	+387	5,615	+303	7,812	+327	8,812	+747	1,139	+ 91
Reserve assets	4,301	+295	1,310	+ 58	746	+ 80	992	+ 56	1,102	+ 84	150	+ 17
Reserve ratio (%)	12.8	+ 0.2	12.8	+ 0.1	13.3	+ 0.8	12.7	+ 0.2	12.5	− 0.1	13.2	+ 0.5

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why three into two may go

Hazel Duffy reports that Metal Box is pinning its hopes on new can-making technology which cuts the production process

FEW COMPANIES would choose to transform a relationship with the giant of their industry from cosy partnership into stark competition. Such a volte-face can bring a host of strains and stresses in its wake, as both sides adapt to their new-found freedom.

Two years ago Britain's Metal Box did just that, severing its links with the U.S.-owned Continental Can, the world leader in metal packaging. And this at a time when Metal Box was experiencing intense problems with a new technology in one of its basic businesses.

The decision to end the agreement was made for two reasons. First, there was a suspicion that the U.S. anti-trust authorities might start investigating this cosy relationship, and that it could also attract the attention of the European Commission. Second, Metal Box was increasingly doing its own development work on the new two-piece can technology, which meant that the advantages of the agreement were beginning to be outweighed by the hindrances.

Once the pact was ended—apparently amicably—both companies lost no time in taking on each other's home markets. Metal Box brought its first plant in the U.S. on stream last year. Continental, already the leading two-piece can producer in the U.S., will shortly open such a plant in north Wales.

Two-piece can technology is the most important development in canning in the post-war years. Its great advantage is that it requires 40 per cent less material than the traditional three-piece can, which means a 20 per cent saving on the raw material cost.

The two-piece can is made by stamping a disc from tinplate or aluminium coil, which is then formed into a cup. The walls of the cup are drawn and ironed (hence the technical term DWI), and the cans are then lacquered and printed.

The traditional three-piece can, on the other hand is made by cutting tinplate coil into sheets, which are then lacquered or printed, then slit into blanks which are bent into cylinders. The resulting seam is welded or soldered, and one end is fixed to the cylinder leaving the other open.

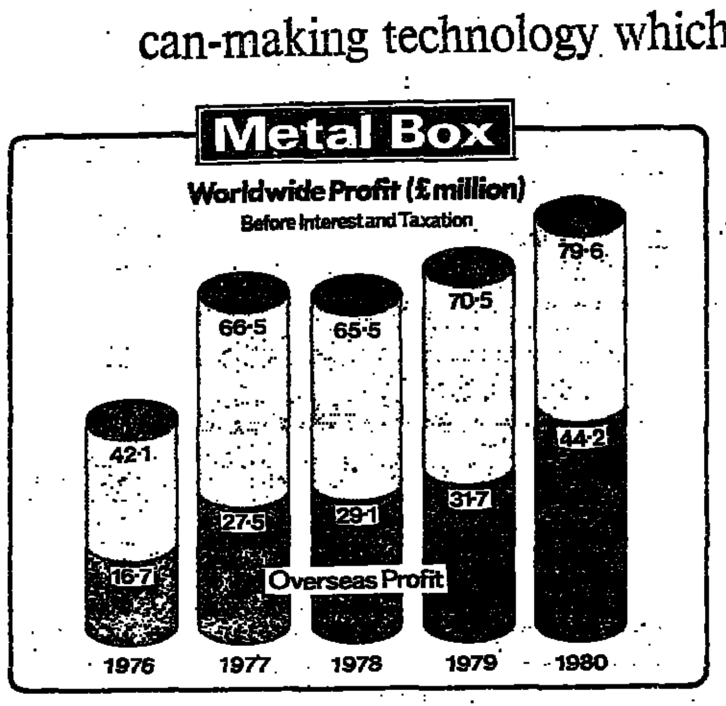
Two-piece canmaking is a capital-intensive operation, requiring a much smaller workforce than the more traditional type of can. Given the multi-union structure at Metal Box factories, the switch from one technology to another which requires fewer people was complex, and involved delicate negotiations with the unions. It did not run smoothly. For three years or so, the unions refused to agree to continuous working and much of Metal Box's expensive machinery was underutilised.

The breakthrough came at the beginning of this year when agreement was reached at all the two-piece canmaking plants for seven-day, four-shift manning. Production has increased by an average of 45 per cent per line week since the agreement, putting the company into a more comfortable position from which to compete with the new Continental plant.

The importance of the two-piece can to Metal Box is that it constitutes the growth part of the canning market. While canned food sales have been static for several years, sales of canned beverages—for which the two-piece is mostly suitable at present—are increasing. In the U.S., canned beverage sales have leapt over the past decade.

The UK has been much slower to take advantage of the two-piece can for beverages, and more than half the beverage cans are still three-piece. But the potential is there, both for switching from three to two-piece, and for increased consumption of soft drinks in particular. The average Briton consumes less than half the quantity of soft drinks as his German counterpart, and considerably less than other Continental nationals.

Now that the major industrial relations problem on two-piece cans appears to have been surmounted, the goal is to extend their usage to food processing. The DWI method of producing beverage cans is not suitable for food because the thinness of the walls does not allow the food to be packed under pressure.



(It has, however, been adapted successfully for petfoods.) The DWI method has been extended to what is known as DRD (drawn and redrawn), meaning that the cans are redrawn to form higher walls. DRD is being used by Metal Box for babyfood cans, but the technology is still in the early stages of development.

Another obstacle at present to greater usage of two-piece cans for food is that high volume production is essential to make it worthwhile from the canmakers' point of view. But the wide variety of foods which go into cans require different specifications of can content. Metal Box is working with the big food processing companies to try to reduce the specifications.

Over the past year, Metal Box has completed a structural reorganisation. It now has seven independent divisions, of which open-top (encompassing two and three-piece can making), is the largest and easily the most problematical. Denis Allport, chairman and chief executive of Metal Box, used to head open-top operations. He describes the introduction of two-piece in recent years (Metal Box started up the first prototype line about eight years ago) as "the most dramatic event since I joined the company 34 years ago."

The division's profit before interest and tax fell from £14.58m in 1978-79 to £5.7m in 1979-80. A good part of the problem was the British Steel Corporation strike during the last quarter of Metal Box's financial year, which forced the closure of several plants. The agreement on continuous working at the two-piece lines should have a noticeable impact this year.

But the more fundamental problems of technical change and increased competition remain. Allport has brought in Nigel Gilson from the South African subsidiary, to implement the division's re-organisation designed to cope with these problems. Allport believes firmly in delegation of management responsibility. As heir-apparent to Sir Alex Page, who retired from the chair last year, he was largely responsible for drawing up Metal Box's divisional structure.

The example for the re-organisation comes from the Stelrad central heating subsidiary, Metal Box's one major diversification. Allport says: "When we took over Stelrad (in 1973), we left the management very much on its own. We gave them encouragement, money, staff, but we did not interfere with the operation. It was, and is, successful and I recognised there was a lesson to be learned from this."

In the seven years since Metal Box took over Stelrad, the radiators and boilers division has grown rapidly. A big investment programme is currently under way, and last year Stelrad expanded further into Europe with the acquisition of AGA, making it Europe's biggest manufacturer of radiators. There is still growth potential in the UK for central heating systems, and on the Continent there is a big replacement market.

DIVISIONAL BREAKDOWN 1979/80

	Sales £000	Profit before interest and tax £000
Packaging		
Open Top	307,852	5,696
General Line	147,728	10,418
Paper and plastics	107,677	5,569
Engineering	37,096	2,031
Overseas—Subsidiaries	405,070	39,873
Associates	—	2,098
Central Heating		
Stelrad—UK	76,132	11,722
Overseas	40,455	2,195
TOTAL	1,122,010	79,602

Stelrad has been the one major exception to Metal Box's philosophy of concentrating on the areas which it knows best (although on a smaller scale it has diversified into some types of engineering). Its main business, however, is packaging. Metal cans form a substantial element, but the company has expanded into other areas of packaging.

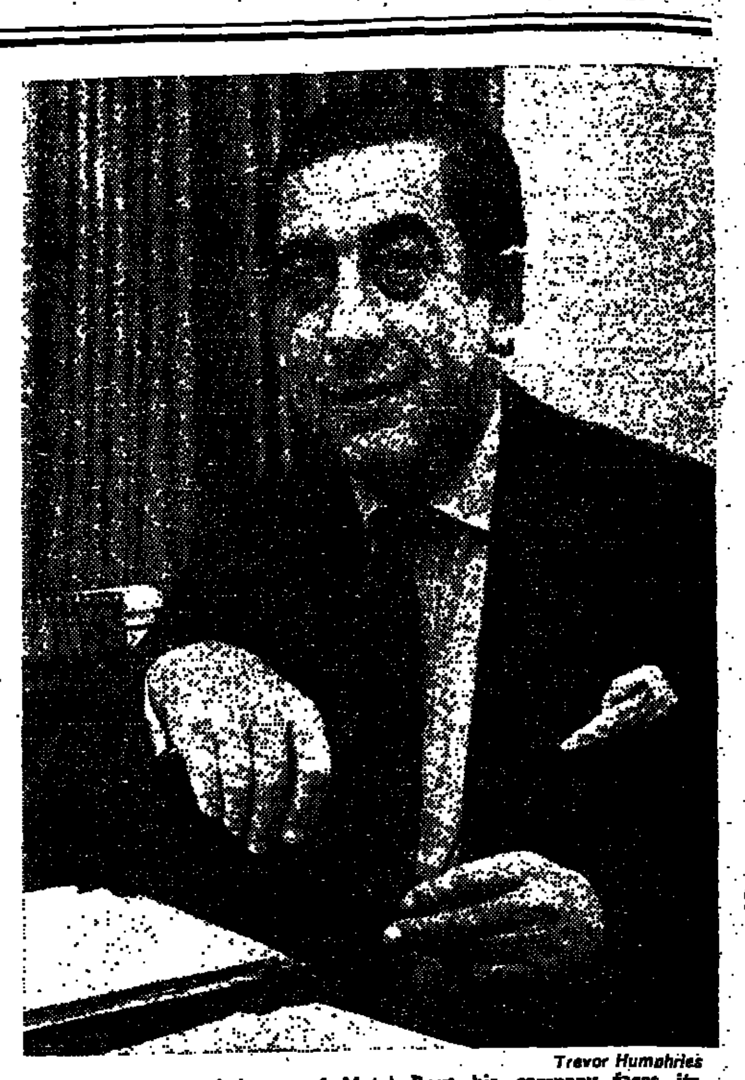
The newest development from the paper and plastics division is the PET beverage bottle, Metal Box's answer in an area where glass has always dominated.

The company's new-found freedom to explore the U.S., following the ending of the Continental agreement, also led to the acquisition of Risdon Manufacturing and thus entry into the fast-growing American cosmetics packaging market. It is a product area where Metal Box might well seek to expand in Europe.

The chance to spread its wings into new territories could prove to be most productive in Europe, at least in metal packaging. In the U.S., Metal Box faces competition from several manufacturers which have a lot of experience in two-piece cans. All the cans from the new Californian plant are contracted to Pepsi-Cola, but Metal Box has the option to open a new line for other customers.

In Europe, two-piece can technology is still in its infancy, presenting opportunities for the more technologically advanced Metal Box. The company traditionally has a strong position in Italy, and also in Greece. But the fruitful markets of north-west Europe had been denied under the Continental agreement. Now that has all changed, particularly since Continental also decided to terminate its licensing agreement with Carnaud in France.

Instead there was a share link-up in July 1979 between Metal Box's interests in Italy, Greece and Portugal, and Carnaud's interests in France, Belgium, Italy and Spain. Metal Box is also supplying know-how and equipment to the two-piece can plant being built for Carnaud near Brussels (in return for an ongoing fee), which will supply the Benelux countries and parts of France and Germany.



Trevor Humphries

Dennis Allport, chairman of Metal Box: his company faces its biggest challenge over the next decade

Metal Box has traditionally derived a solid portion of its earnings from its subsidiaries overseas. The addition of new and unfamiliar markets will bring a challenge, however, to the management at the Reading headquarters. With the exception of the Mediterranean markets, Metal Box's overseas structure is still largely based on the old Empire. Its first subsidiary was set up in South Africa, and today it is the largest with sales of around £150m annually. This is at least one third higher than the U.S. (including Risdon and a recently-acquired small engineering company), but it must be presumed that the new geographical strategy will see the U.S. exceeding this figure quite quickly.

Vulnerable

At home, the most pressing priority lies in open-top, where in spite of the manning agreement, industrial relations will continue to be delicate. The growth of two-piece will increasingly lead to redundant three-piece lines with a consequent reduction in numbers employed.

Metal Box's relations with BSC are another area of uncertainty. The company buys around £150m worth of tinplate each year from BSC, making it British Steel's second biggest customer. The steel strike cost Metal Box dearly. Although it made arrangements to buy steel abroad, most of this was held up in the docks until the strike was over. The ease of transport and stocking arising from buying in the UK however, means that Metal Box will continue to buy most of its tinplate from British Steel in spite of the vulnerability of relying on one supplier.

Most of Metal Box's two-piece tinplate requirements, however, are being met from imports, because BSC is not able to match the quality. Plans to instal more continuous casting capacity at British Steel's Port Talbot plant will lead, it is hoped, to the necessary improvement.

In the light of BSC's dramatic financial problems, there must be some question mark over any of its investment plans, although the profitability of tinplate suggests that Ian MacGregor will find a way of preserving this area of British Steel.

On the technical front, as well as the challenge of adapting two-piece for food packaging, the growing attention paid by health watchdogs to the lead content in canned foods will lead to the traditional method of soldering the seam in three-piece cans being replaced by welding.

Metal Box's investment in eight two-piece lines around the country has cost £75m over the past few years (another two lines are also being constructed at a new factory in Carlisle). This gives the company slightly more capacity than the sum of its competitors in the UK. But it still means that it will be facing more competition in this growth area than it has ever been confronted with on its traditional cans, where it enjoys around 70 per cent of the market.

Add to this thought the fact that the company has also entered a new era of geographical diversification, and it can be seen that the next decade will be the most challenging in its history.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Tenancy agreement

We let some premises to a large company, which only occupies the ground floor. The other floor is not lettable separately. On renewing the lease, the company only wishes to take the ground floor. Can they insist on this?

If the tenancy which you granted to the company was of the ground floor only you cannot insist on the new tenancy's including the upper floor. If, on the other hand, the original tenancy included the upper floor but the company only occupies the ground floor, you can insist on the upper floor being included in the new tenancy even though it is not part of the "holding."

Facilities in premises

If tenants of business premises informally permit a neighbour to use toilet or other facilities in the building, does the neighbour acquire rights as against the freeholder? If so, after what period of time?

The neighbouring tenants would not acquire any right if they are acting by permission of the tenant of the subject premises unless the permission is oral only and the use continues for 40 years. Even then the only rights acquired are against the tenant, not the reversioner (freeholder). Time can only run against the reversioner from the time when he has a right to possession (so as to be able to sue a trespasser) ie from the termination of the lease of the subject premises. Thus any arrangements of the kind you mention, or any use without permission of the subject premises will only have effect as between the neighbouring tenants and will not prejudice the position of the landlord so long as the lease continues.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● METALWORKING

Faster work and more precision

ONE OF the first microprocessor-controlled automatic copying lathes to be installed in Britain has been commissioned by the Normand Electrical Company (Neco), of Cosham, Hants. The lathe is a Vaun-Turn VT 10/75, supplied by Vaughan Associates, Nottingham, equipped with a Vaun gantry-type programmable vertical loader and a Samsomatic automatic sizing and compensating device.

It has a component capacity of up to 10 cm diameter and 75 cm length. Changeover time ranges from 10 minutes to one hour, depending on component size and complexity. Working from indexing profile templates, the lathe can be programmed for up to six cuts per cycle.

While the preliminary setting of tools and copy slide is effected conventionally by graduated dial hand-wheels, the operator can "fine tune" the work from the electronic console. Once set, each programme can be monitored by the computer and recalled at will. The Samsomatic device dynamically monitors all tolerances during the machining cycle and automatically instructs the lathe to compensate for deviation caused by tool wear or other factors. If any deviation exceeds pre-set limits, the device stops the machine.

Components are loaded and unloaded automatically by the gantry loader, which can be programmed and rapidly re-set for different lengths and diameters of shaft.

Neco specialises in AC and DC electric motors and geared motor drives up to about 3.73 kW. The drives are custom-built to suit particular applications, so manufacturing techniques must balance the conflicting needs of high productivity and short-run flexibility.

The Vaun-Turn lathe has speeded up Neco's shaft production by four to five times and released for other operations several older machines previously engaged on this work. Equally important, Neco claims, is the programmable cycle controller, linked to the Samsomatic sizing and compensating device, which minimises change-over time from one shaft to another and gives the required flexibility of operation.

Another benefit is that more consistent and more precise machining of shaft profiles has at least halved second-operation grinding time and in some instances made it unnecessary.

Measuring machines

AN ADDITION to the Cordimet three-axis co-ordinate measuring machines has been produced by combining features of two existing machines to produce a bridge-type machine with an 800mm by 800mm table. It gives users the benefit of bridge-type construction, while satisfying a requirement for table size.

Like other Cordimet machines it is designed for high accuracy measurement in the standards room, or on the shop floor and comes with the Computer Automation LSI 4/10 computer as standard equipment. Three programming options are available and a feature of the system is that the standard computer allows more comprehensive facilities to be "added-on" at any time. These include printer, enlarged programming and memory facilities, floppy disc and full three-dimensional measuring programmes.

Another advantage of the system is the hand terminal, which communicates with the computer, but also includes a display of results and instructions to the operator to enable the full advantage to be gained from the computing facility. Positional repeatability is ±0.002mm. The Z axis measuring capacity is 550mm (i.e., the same as in the Cordimet 1200 and 250mm greater than that of the Cordimet 700). It allows a considerable increase in the total envelope being measured.

As with other Cordimet machines the reference surfaces are of Diabase granite and the machine movements are on air bearings throughout.

C. E. Johansson, 66, High Street, Houghton Regis, Dunstable 68181.

Iron castings service

A MALLEABLE iron castings service for low to medium volume production runs is now available from Wask Engineering, of Keighley, Yorks. A recently installed Salem batch annealing furnace has increased Wask's capacity by 50 per cent, enabling it to use its malleable iron foundry to provide a castings service to general engineering and vehicle manufacturing companies.

Using snapflask and iron box moulding equipment, quantities from 200 to 20,000 and unit weights from 250 grammes to 25 kg can be produced. It is claimed that intricate shapes can be made more economically in malleable iron than by fabrication, forging or casting in steel.

The process entails heat treatment of a hard, brittle base metal to convert it into a ductile, readily machineable material, of good resistance to corrosion and high strength, which can be finished to close tolerances.

Details from Wask Engineering, Woodhouse Road, Keighley, BD21 5NA (0535 605681).

● BANKING

Aids handling of money

AIMED MAINLY at the banking, transport and retail industries is an integrated cash handling desk from De La Rue Systems which it is claimed will provide a complete solution to large-scale money handling problems.

Presented to the single operator is an array of units that will count and verify banknotes, count, sort and bag coins, print out data and show it on a visual display unit, store cash safely and store information on a floppy disc drive. Data is entered via a keyboard and the whole desk is controlled by a minicomputer.

The operator needs only a short period of training since the procedures are simple and prompting is provided on the VDU screen. If there is an operator error or machine problem, it is immediately detected and shown on the screen; simultaneously a system lock-out is initiated which can only be cleared by a supervisor.

Basic data collected during the money handling is processed by the mini into a convenient form for management, as hard copy or on a magnetic medium.

An important facility is the provision of a complete audit trail of all the transactions undertaken: all forms of transaction can be accommodated—notes, coins, cheques, credit card receipts.

The desk can be programmed to make up deposits automatically into re-usable banking quantities; when these are reached the system will halt automatically, without loss of individual batch totals, so that loose deposits can be batched as required.

De La Rue Systems is at 77, High Street, Watford, Hertfordshire WD1 2DJ (0923 45931).

● AVIATION

Comfort in the cabin

THE CABIN air control system and engine bleed air control for the new British Aerospace 146 feeder jet airliner are being developed by the Hatfield Division of British Aerospace Dynamics Group. The cabin air control system is designed to maintain the pressure at any selected level equivalent to altitudes up to a maximum of 8,000 ft. and also to limit pressure changes in cabin air flow or aircraft altitude.

The engine bleed air control, which automatically regulates the temperature and pressure of the air taken from the jet engines, comprises a hot air regulating valve and a heat exchanger to cool and control the flow of air before it is led into the cabin air-conditioning and the airframe anti-icing systems.

● SAFETY

Indicates when alarm is false

A NEW mine fire detection system, which enables surface officials to distinguish between a fire and a false alarm has been devised by Anglo American Corporation of South Africa.

The system consists of underground analogue detectors, which send a constant stream of data on smoke and carbon dioxide levels to recording equipment on the surface. The signals are telemetered through standard mine cables, with each detector having its own channel.

The surface recorders, using seven-day circular charts, give a continuous record of smoke and gas levels. In Anglo-American mines, most of which have now been fitted with the new system, the recorders are programmed to sound an alarm if the carbon dioxide and smoke content of the air around any detector rises by more than 2 per cent in 10 minutes. The recorder indicates whether smoke and gas are becoming denser (signs of a fire) or subsiding (a false alarm).

The detectors can be emmersed in water, frequently found in underground mines, without damage; they also withstand corrosion, dust and high winds.

Details of the equipment are available from the Anglo American Electronics Laboratory, P.O. Box 87, Crown Mines, 2025 Transvaal, South Africa.

● ENVIRONMENT

Removes fine dust from factory

AN AIR filtration system claimed to be capable of cleaning more than 500,000 cu ft/min of air containing cast-iron dust generated by the machining of cylinder blocks has been installed at BL's Austin Morris works at Longbridge. The system, using Flex-Kleen pulse-jet bag filters, has been supplied by Head Wrightson Process Engineering. It is expected that during the winter up to 80 per cent of the filtered air will be returned to the factory, thus reducing heating costs.

Eight bag filter units are arranged in pairs to reduce ducting and servicing. Each unit consists essentially of three pre-assembled modular sections — hopper, bag housing, and clean-air plenum — and contains 600 120 inch by 6 inch filter bags.

An important advantage claimed for the system is that the bags can be installed or removed from the clean top side of the unit. The operator simply walks into the plenum and unsnaps a defective bag.

Accumulated dust on the outside of each bag filter is removed periodically by a short pulse of compressed air which induces a flow of previously filtered air into the bag so that the dust falls off into the adjacent hopper.

The new plant, part of BL's Mini Metro investment, removes thet fine black dust generated in machining crank cases and cylinder heads for the Morris Ital, the Mini and the new Metro.

Details from Head Wrightson Process Engineering, 16-22, Baltic Street, London EC1Y 0TD (01-253 1299).

Keeps out the fumes

INDUSTRIAL premises that are equipped with acoustic ventilation units from Airprime Equipment of Croydon can now fit the Monox filter with a view to keeping out atmospheric carbon monoxide, odours and industrial fumes that would otherwise enter the building.

The non-toxic and non-flammable chemicals used are packed in honeycomb-shaped cells in the filter and absorb the offending components of the air stream. Each filter weighs 2 kg and is easily replaced when the granules are expended.

More from the company at Woolwich House, 141, High Street, Southgate, London N14 6BZ (01-882 2924).

● CONSTRUCTION

Marketing venture

SOLE MARKETING rights in the UK and Eire for its special products for the tunnelling and mining industries have been granted to Torque Tension of Workshop, Notts., by CPP UK which is a member of the Foseco Minsep Group.

This link with Torque Tension (a Charter Consolidated company) will make it easier for CBP to expand its sales in areas of activity, especially coal mining, in which the Worksop company is predominant. At the same time, Torque Tension will be able to supply specialised construction chemical products as part of its service and also have the use of Fosroc Construction Chemicals (same group as CBP) central laboratory at Leighton Buzzard, Beds.

● PROCESSING

Produces cards and labels

A DESK-TOP lamination unit claimed to be capable of encapsulating documents between layers of heat-bonded polyester film, producing tamper-proof identity cards and labels, and dry-mounting papers on stiff board has been developed by the General Binding Company.

Using individual film pouches instead of the conventional film roll, the unit, known as the Midi-Lam, will accept items from tissue paper to poster board thickness in a variety of sizes.

It has a fail-safe feed guide to prevent damage to documents, a cut-out micro-switch to save current, and adjustable heat controls to ensure optimum lamination of items of varying thickness.

● COMPUTING

Will help accountants

AN INCOMPLETE records system which it claims will offer significant benefits to accountancy practices is now being offered by Geest Computer Services, White House Chambers, Spalding, Lincolnshire PE11 2AL (0775 61111).

It is called CIRAS, standing for computerised incomplete records accounting system and a typical arrangement, includimplementation, consists of a Texas Instruments 771/1 microcomputer with 64k bytes of memory, dual 256k bytes of flexible disc and an 810 medium speed printer—at a hardware cost of about £9,600. A charge of £32 per month is made for the software including support and on-going development.

Data appears on the screen for visual verification and is checked and balanced before recording on an indexed client diskette. As the records are being entered and processed the time taken and operator's name are automatically recorded. Other clerical and professional time can also be entered for subsequent calculation of charges and billing.

Each batch of transactions posted will automatically have a contra-transaction created by CIRAS to be posted to the control account as well as the expense or income account.

Thus, a single keyboard entry provides the data input for double entry accounting.

Periodic extraction of accumulated transactions is possible in the form of an audit trial and trial balance: the user can define formats on the screen, print layouts and choose the timing.

● TRANSPORT

Insulated van roofs

ROOF-INSULATED semi-trailer vans introduced into the Transport International Pool Trailer Rental fleet are claimed to carry perishable foodstuffs, especially butter, margarine and cooking fat, more economically than conventional insulated vans.

The vans are of plastics-plywood laminate wall construction, with 25 mm (1 inch) of polyurethane foam insulation in the roof. TIP claims that the effects of solar radiation are far stronger in the roof of a van than in the sides, and while many foodstuffs can be carried safely in non-insulated vehicles they are liable to heat damage if stacked close to the roof.

Roof-insulated vans are therefore designed to give protection where it is more needed, while the white-painted laminated side walls also provide some thermal insulation. Because no extra insulation material is applied to the walls a clear internal width of 8 ft is provided. TIP is based at Star House, Watford, Herts.

LOMBARD

Pensioners need to know

BY CHRISTINE MOIR

LAST FRIDAY the Electricity Council published a painfully careful statement about the early retirement of the two senior investment managers of its pension fund.

Their retirement follows "some loss of confidence on the part of the Electricity Council *about policies followed in the* management of certain unquoted investments." There was no suspicion of "impropriety or dishonesty" nor of their having acted except at all times in the interests of the Fund they were employed to manage. The two men are to retire early on a full pension.

Council's hope

The Electricity Council clearly hopes that the statement will bring to an end five months of rumour, speculation and worry since Mr. Austin Bunch, deputy chairman of the Council, summarily suspended the two men after he had sent the Fraud Squad a specially commissioned accountants' report on the unquoted investments in question.

The two men have agreed not to press the matter further. The Electricity Council has consistently refused to discuss the affair on the grounds that it is an internal problem and not a proper case for public or press interest. But the affair cannot be allowed to end in silence.

Apart from anything else the Fraud Squad's investigation *technically continues as the* Director of Public Prosecution has still not decided whether to drop the affair or order further investigations.

In the first place there is the damage done to the reputation of the two men—both with long, unblemished investment records who will now never escape the taint of misjudgment of some sort. No wonder they agreed to retire early!

If, as we now learn from the Council, the only complaint against these two men was questionable judgment "over certain unquoted investments" their public suspension was unjustified.

They were, of course, employed by the Council and responsible to the Board of Trustees of the Pension Fund. If these supervisors had begun to lose confidence in their management skills the right course would have been to require their resignations so that replacements could have been found in whom the Council could repose confidence.

The handling of the suspension seems to have been surprisingly amateurish for a body such as the Electricity Council. Has it never before faced problems of senior management staff that it can be hurried into actions whose *implications later have to be* denied publicly?

Then there is the question of the rightful interest of the Electricity Council's workers and pensioners in the affairs of the Fund.

The Electricity Council Pension Fund amounts to £1.3bn. Presumably Mr. Bunch did not suspend the men over an immaterial investment. So how big was the botched investment? The Council will not say but the public which contributes heavily to electricity workers' pensions must have the right to know.

If similar problems had arisen in a public company the right of shareholders and the public to full disclosure would have been unquestioned. The Pension Funds unfortunately, are not yet subject to the useful discipline of statutory disclosure *provisions and Stock Exchange* rules. The voluntary code recently introduced by the National Association of Pension Funds barely makes a start on *self regulation.*

Policies

Both the public and the *Electricity Council* pensioners need to be able to decide whether their representatives on the pension fund are faithfully and competently carrying out their functions. The representatives are Mr. Austin Bunch and his Board of Trustees not the employed investment managers. The Trustees' functions are to lay down prudent investment policies and to monitor the performance of those policies by the investment managers.

The curious affair of the "certain unquoted investments" suggests that the then Trustees of the Electricity Council fell down on one or other of these two functions. If so was the failure an uncharacteristic lapse or was it a symptom of fundamental weakness in the Trustees performance?

The Council would much prefer to rule these questions out of court, but they must still continue to be asked of the Electricity Council as of every other pension fund.

Prune wistarias: let hydrangeas alone

GARDENS TODAY

BY ROBIN LANE FOX

THE NEXT fortnight is a gardener's chance to take a rest. I assume that you will still be mowing the lawn, turning over the compost, removing the ninth crop of chickweed and trying to pull the bindweed out of the upper reaches of your climbing roses before any guests come in for lunch. *Relatively speaking,* that is still a rest.

Later in the month, there are the bulbs to order, the ladies' mantle to cut up before it seeds everywhere, and the usual problems with mildew all over the michaelmas daises before they even flower. To keep you *fit for this,* I would suggest that you rob yourself even of the little rest the garden gives you by taking the pruning of one or two shrubs more seriously *over the next two weeks.*

I will begin with the problem plant, one which earns me more readers' queries yearly than the rights and wrongs of smoking bonfires or neighbours who let their trees run to suckers. I refer to the wisteria, whose pruning, training and habits of flower still puzzle so many owners. If you are buying one, be sure to choose a known colour of flower from a proper nursery. Some wretched gardener put a poor seedling form of the variable Chinese wistaria up the south front of my house.

It is too big for me to dare *to remove it, but its pale flowers* are much less fine than the good deep forms of the sister Japanese wistaria, the one with the big deep violet or white trusses of flower, which I would recommend any gardener to choose first. Whichever you have, you need to cut furiously. The next fortnight, I fear, is a good time to set about the job.

As most owners know, wistarias sometimes flower too shyly. There are several tricks *to deal with this.* One is to feed the plant with a heavy dose of sulphate of potash three times a year. This is not difficult on a youngish plant, but if your wistaria is wedged like an old trunk against the house wall, you have little hope of reaching the active roots. Instead you must content yourself with heavy cutting. This should begin from the first year onwards, and can hardly be overdone.

When you first buy a plant of this superb climber, cut out all shoots except one vertical leader, and shorten this, too, by a third. During the first year, limit the side growths to two, and end by trimming the main leader back to within two feet of their place on its stem. In the second year do the same for the main shoot, and two more, making them all quite short and openly spaced. Thereafter they will usually try to grow in all directions at once.

Remember that only the very best wistarias, those gnarled old *trunks in Italian villas, are kept* to a tracery of leaves and flower-buds on a spurred outline of branches, like a fine vine's. There are superb examples to be seen on Oxford and Cambridge college walls, planted in the pre-war years of the wistaria fancy, when the family went with the rustic Surrey style — the Pergola and brick pier, the graded herbaceous border, and the stone-coped formal pool taste, which lodged itself rather longer than elsewhere in academic circles. Here, you can usually see the old wall showing through an open pattern of old branches.

Early August is the season for a long ladder, secateurs, and a resolution that you will not mind finding slugs all over the surrounds of the bedroom windows, while shaking clouds of midges into your hair. Prune off all those long tentacles, which wind clockwise in Japanese forms, anti-clockwise in Chinese ones. They race to lengths of six feet in a season, and waste the main branch's energy.

Ideally, you should prune an old and obstinate wistaria back to its outline of short spurs off *old branches* by attacking it every six weeks after flowering. That may be too much to ask. If so, you should hit it now and repeat the attack later, around the New Year, *when it is far* less pleasant up a ladder. You will then be able to judge the *fat* flower-buds from the larger flat growth buds and to thin back the growth to *the next* May's flower. A first cut now should take all lateral growths back to six inches from their join on the main stem. You can reduce this to four inches and welcome in 1981 at gutter-level.

I am not trying to create a job, but if you want the best off an old wistaria, you must begin by thinning and shortening it drastically, and never losing control again. Now is the moment to attack, a time which also applies to those excellent wall-companions, the pink, white and red japonicas.

These popular shrubs have *never been seen better than in* the past spring. The sun brought out their full depth of colour and kept the flowers dry and at their best. They puzzle owners after flowering because they, too, grow freely. In fact, you can always be clipping them, right on until September. I give my old blood-red one a first trim immediately after flowering, in which I shorten *all wood which bears flowers* and try to thin the centre and forward-shooting branches. I expect to return to it again over the next fortnight, in order to keep the low, open shape which the window dictates.

Unlike other spring-flowering shrubs, the japonica will not suffer from a second August trimming, apart from losing a few inedible inches of its fruit. It is another of those wall-shrubs *which are really rather* too bushy for their best garden habit.

Away from the walls, there is one job to attempt and another to avoid. The next week is the moment to thin and shape the lovely mock orange blossoms, or *philadelphus,* and the fine family of white July-flowering *deutzias.* You have to strike quickly—if you wait till autumn, you spoil next year's flower.

You *can* watch this simple principle at work down any road of front gardens. A poor orange blossom is due only to late pruning, while the one next door flowers freely and has been punctually treated. Better to forget the job altogether than to do it too late. *Deutzias,* however, are especially good, if you thin them properly now. Their upright nest of stems then gets the light it deserves. I am always surprised that the white, star-shaped form, *pulchra,* is so rarely seen. It is one of the finest summer shrubs for any soil, a first choice for a mixed summer border.

Lastly, the job you will enjoy, the one which is best left alone. Do not bother to prune hydrangeas, let alone to remove their dead flowers. The worst of all labours is to prune a hydrangea back in spring. By *then, it has begun to show the* wood for the late summer flower.

Either you must trim it straight after flowering, or else consign it to that good garden maxim, a wise and salutary neglect. I know no hydrangea which has suffered from an absence of pruning, but many which have halved their flowers after enthusiastic attacks in April. As on a lavender, the heads of dead flower are worth leaving until spring as a slight protection against frost.

More plants, like my lilacs, are spoilt by too much cutting than by too little. Trim the awkward ones *slightly from an* early age, above all the brooms, which dislike to be cut back hard into old wood, but which try to sneak up to the sky, if *left during early youth.* For the rest, set about the wistaria, centring your slight August energies where they ought to do some good.

Reed's trio looks ready for Ayr

RACING

BY DOMINIC WIGAN

THERE HAVE been few more successful northern-based owners in recent years than Guy Reed, and with Chris Thornton's *string running into* form, backers will do well to examine the claims of Consent, Shotgun and Carouser at Ayr today.

The first from this trio to take the field is Consent, who will find no better opportunity of opening her account than in the *Gadgirth Selling Stakes.* Guy Reed's filly looked all set to land a similar event for which she was favourite on July 21 as she led her rivals into the closing stages. However, she then lost ground through coming off a true line and was caught and passed by both Quality Road and Awel-Haf.

Provided Jimmy Bleasdale can keep her on a true course, Consent should prove a cut above some poor opponents, *best of them is probably* Take Shelter.

Ninety minutes later, Shotgun represents the same owner, trainer and jockey combination in the *Carbreston Stakes in* which last year's successful trainer, Bill Watts, saddles Windpipe. An encouraging third behind The Quiet Bidder *and Rushmoor on his race*course debut at York three weeks ago, where he not only ran green but was also slowly away, the good-looking Shotgun appeals as *a sound* bet to beat the Watts cold who may need more time.

Carouser, representing Guy Reed in the closing Dalmore Stakes, *almost certainly has the* stiffest task of the three, for he faces Conni-Mist. Although there may be less in it than the betting will suggest, Conni-Mist is entitled to market position on the strength of her overall form. She runs here in preference to another useful Barry Hills entry, the Roberto chestnut, Matroshka.

It rarely pays to chase losses on an odds-on failure, but there are grounds for thinking an *exception* can be made in the case of Rivers Edge at Brighton. Continually impeded before being struck over the head by a rival jockey's whip at *Carlisle* last time out, the Newmarket colt can gain compensation in the Beach Maiden Stakes.

AYR

2.45—Consent**

4.15—Shotgun***

4.45—Conni-Mist

BRIGHTON

2.00—Rivers Edge*

2.30—Nampara Cove

3.30—Simla

4.00—Soldier

4.30—Remnos

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 9.50 Noah and Nelly in Skylark. 9.55 Jackanory with Bernard Holley. †10.10 The Boy from 5B. 10.35 Why Don't You? 1.30 pm How Do You Do. 1.45 News. 4.13 Regional News from England (except London). 4.15 Play School (As BBC2 at 11.00 am). 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.15 Grandad.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Dr. Who.
6.45 Top Sailing.
7.20 Golden Soak.
8.10 The British Greats: Robert Donat.
9.00 News.
9.25 The Good Old Days.
10.15 Bloomers.
10.45 Medical Express.
11.15 The Sky at Night.
11.35 News Headlines, Regional News.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES — 5.55 pm Wales Today. 6.20 Newydion. 6.25 Ask the Family. 6.50-7.20 Porridge. 9.25-10.15 Eisteddfod Dyffryn Lliw Pigion y Dydd. 11.35 News Headlines.

SCOTLAND—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.15 The Dewars Scottish Bowling Association Championships. 11.45 News and Weather for Scotland.

NORTHERN IRELAND—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North 6.55 Dallas.
(Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Dallas.
7.45 Mid-Evening News including sub-titles.
7.55 Top Crown.
8.40 Movie Showcase: "Jacques Brel is Alive and Well and Living in Paris," starring Jacques Brel.
10.15 Journey Back.
10.45 Newsnight.

BBC2 WALES ONLY—2.30-4.30 pm Eisteddfod Dyffryn Lliw: Yn Fyw O'r Maes.

LONDON

9.30 am Paint Along with Nancy. 10.00 The Best of Families. 10.50 Mystery Island. 11.00 Animated Classics: The Three Musketeers. 11.45 In Sand and Eelgrass. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live from Two. 2.45 Fantasy Island. 3.45 Cabbages and Kings. 4.15 The Whisper of Glocken. 4.25 How. 4.45 Maggie's Moor. 5.15 Survival.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 Sounding Brass.
9.00 Women of Courage.
10.00 News.
10.30 "Bitter Harvest," starring Janet Munro.
12.15 am Close: Personal choice with Diana and Yehudi Menuhin.

All IBA Regions as London except at the following times:

ANGLIA

10.50 am Call it Macaroni. 11.15 The Beachcombers. 11.40 Cartoon Time. 12.30 pm An Exceptional Child. 1.20 Anglia News. 2.45 General Hospital. 5.15 Mr. and Mrs. 6.00 About Anglia. 10.30 Feature Film: "Age of Consent," starring James Mason and Helen Mirren. 12.15 am The Big Question.

ATV

10.50 am The Stationary Ark. 11.15 Animated Classics. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 2.45 The Outsiders. 5.15 Doctor Down Under. 6.00 ATV Today—including Police Five. 10.30 ATV Newsdesk. 10.35 Mid-week Film: "The Strange Affair," starring Michael York.

BORDER

10.50 am The Jazz Series. 11.15 Clue Club. 11.35 The Count of Monte Cristo. 12.30 pm An Exceptional Child. 1.20 Border News. 6.00 Lookaround Wednesday. 10.30 Mid-week Movie: "Drive Hard, Drive Fast," starring Brian Kelly and Joan Collins. 12.15 am Border News Summary.

CHANNEL

12.30 pm An Exceptional Child. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Happy Days. 6.00 Channel News and Weather. 6.10 About Turn. 10.28 Channel Late News. 10.32 Jean-Michel Jarre. 10.40 Feature Film: "Island in the Sun." 12.45 am News and Weather in French, followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 10.50 The Jazz Series (George Chisholm/Carol Kidd/Don Lusher). 11.15 Thunderbirds. 12.30 pm An Exceptional Child. 1.20 North News. 5.15 Mr. and Mrs. 6.00 North News and Area Weather Forecast. 6.10 Wild Wild World of Animals. 10.30 Reflections. 10.35 *WKRP in Cincinnati.* 11.00 The Wednesday Movie: "Assassin," starring Ian Hendry. 12.35 am North Headlines.

GRANADA

10.45 am The Nature of Things. 11.45 Song Book. 12.30 pm An Exceptional *Child.* 1.20 Granada Reports. 2.45 Young Ramsey. 5.15 Mr. and Mrs. 6.00 Granada Reports News. 6.05 What's the Word. 10.30 Best of British. Glenda Jackson in "A Touch of Class."

HTV

10.50 am Sesame Street. 11.50 Popeye. 12.30 pm Against the Wind. 1.20 Report West Headlines. 2.45 The Outsiders. 3.45 The Good Neighbour Show. 5.15 Dick Tracy. 5.20 *Crossroads.* 6.00 *Report West.* 6.30 Doctor Down Under. 10.28 HTV News. 10.35 "Tenspeed and Brown Show."

HTV CYMRU/WALES—As HTV WEST/HTV GENERAL SERVICE except: 10.50 am Popeye. 11.00 Eisteddfod Genedlaethol 1980. 11.55-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 3.45-4.15 Looks Familiar. 4.45-5.15 Ni A Nhw. 6.00 Y Dydd yn y Brifwyl. 6.15 Report Wales. 6.30-7.00 Eisteddfod Genedlaethol 1980.

SCOTTISH

10.50 am Call it Macaroni. 11.10 Westside Medical. 12.30 pm An Exceptional Child. 1.20 News Headlines and Road and Weather Report. 2.45 Chopper Squad. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today News and High Summer Extra. 6.30 Happy Days. 10.30 Superstar Profile—Gene Wilder. 11.00 The Odd Couple. 11.30 Late Call. 11.35 Music at Harewood.

SOUTHERN

10.50 am Tandarra. 11.45 Larry the Lamb. *12.30 pm An Exceptional Child.* 1.20 Southern News. 2.45 General Hospital. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-week (South East Area only). 10.35 First Edition. 11.20 Sidestreet.

TYNE TEES

9.20 am The Good Word followed by North East News. 10.50 The Nature of Things. 11.50 Cartoon Time. 12.30 pm An Exceptional Child. 1.20 *North East News and Where the Jobs* are. 2.45 Wildlife Cinema. 3.15 The Story of Wine. 5.15 Mr. and Mrs. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 10.32 The Prime of Miss Jean Brodie. 11.30 Power Without Glory. 12.30 am Coming to Terms.

ULSTER

10.50 am The Jazz Series. 11.15 Untamed World. 11.40 Cartoon Time. 1.20 pm Lunchtime. 2.45 Young Ramsay. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Want a Job? 6.30 Mind Your Language. 10.29 Ulster Weather. 10.30 Family. 11.30 Gardening Today. 12.00 Bedtime.

WESTWARD

10.50 am The Jazz Series (George Chisholm/Carol Kidd/Don Lusher). 11.15 Larry the Lamb in Toytown. 12.30 pm An Exceptional Child. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Happy Days. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Faith For Life. 10.40 Feature Film: "Island in the Sun," starring James Mason and Joan Fontaine. 12.45 am West Country Weather and Shipping Forecast.

YORKSHIRE

10.50 am The Count of Monte Cristo. 11.10 Call it Macaroni. 11.35 Our Little Town. 12.30 pm Out of Town. 1.20 Calendar News. 2.45 Tandarra. 5.15 Bailey's Bird. 6.00 Calendar *(Emley Moor and Belmont editions).* †10.30 "The October Man," starring John Mills. 12.15 am Preview.

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Tony Blackburn with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.00 Radio 1 Mailbag. 8.00 Stuart Colman. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's *Request Show (S). 4.03 Much More* Music (S). 6.03 John Dunn (S). 8.02 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days. 9.15 Only a Rose: Anne Ziegler and Webster Booth recall the past (S). 9.55 Sports Desk. *10.02 The Impressionists.* 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice: Part 1 (S). 8.00 News. 8.05 Your Midweek Choice: Part 2 (S). 9.00 News. 9.05 This Week's Composer: Schubert (S). 10.00 Music for Organ (S). 10.35 BBC Scottish Symphony Orchestra (S). 11.25 Bach, Mozart and Chopin: Piano recital (S). 12.25 pm Radio Telefis Eireann Symphony Orchestra: Concert, part 1 (S). 1.00 News. 1.05 Concert: Part 2 (S). 1.55 Soprano and Violin Recital (S). 2.30 Scarlatti: Harpsichord recital (S). 3.15 The Part-song Repertory (S). 3.50 Holmboe String Quartets (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Birdy. 7.30 Concert: Part 1 (S). 8.20 Six Continents. 8.40 Concert: Part 2 (S). 9.40 A Man for all Theatres (the story of Sir Peter Daubeny). 10.40 The English Ayre (S). 11.00 News. 11.05-11.15 *Germaine Tailleferre on record (S).*

VHF ONLY—Open University: 6.20-7.00 am and 6.20-7.00 pm. And for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including: 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for *the Day, 8.35 Yesterday in Parliament.* 9.00 News. 9.05 Mid-week with Sue Lawley. 10.00 News. 10.02 Pick of the Bunch. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Peter Barkworth with records (S). 12.00 News. 12.02 pm You and Yours. 12.27 You've got to be Joking (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM. News magazine. 5.50 Shipping Forecast. 6.55 Weather, programme news. 6.00 News. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 All the World's a Golf Course (golfing reporter Renton Laidlow talks about his work). 7.45 The Queen Mother (a radio biography in three parts). 8.30 A Sideways Look at . . . by Anthony Smith. 8.45 Analysis. 9.30 Kaleidoscope. 9.58 Weather. 10.00 The World Tonight. 10.30 Rumpole. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 *Question Time from* the House of Commons. 9.00-5.00 am Join Radio 2.

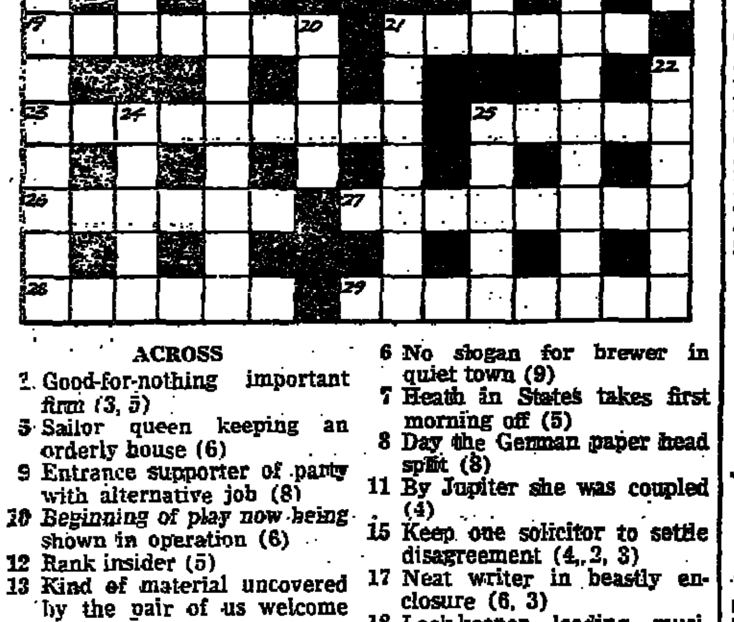
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes programme presented by Vivian White. 12.00 LBC Reports. 8.00 pm Jazz after Eight—Keith Howell. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Carol Allen. 4.00 Network. 5.00 Morning *Music.*

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued) (S). 3.00 John Sachs (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,341



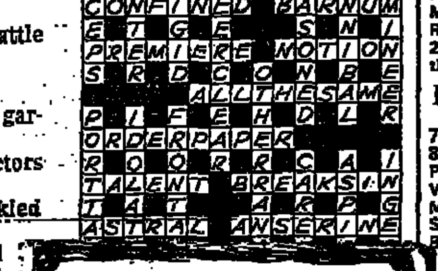
ACROSS

1 Good-for-nothing important firm (3, 5)
5 Sailor queen keeping an orderly house (6)
9 Entrance supporter of party with alternative job (8)
10 Beginning of play now being shown in operation (6)
12 Rank insider (5)
13 Kind of material uncovered by the pair of us welcome (4-5)
14 Potato dish that is served in club (6)
16 Fasten key to case (7)
19 Plants last saint in Cornwall (7)
21 Live to speed reprimand (6)
23 Turning down month realignment (9)
25 Lower against French island. Right? (5)
26 Confess to being first and last on river (6)
27 Record pile scattered by follower (8)
28 Mean to get the Camptown message (6)
29 Soldiers going to battle station economise (8)

DOWN

1 Bloke given lolly for garment (6)
2 Continue before directors embark (2, 2, 5)
3 Upsets youth leader, pickled (5)
4 Ball from Lillie pulled gain unfair advantage (4,
6 No slogan for brewer in quiet town (9)
7 Heath in States takes first morning off (5)
8 Day the German paper head split (8)
11 By Jupiter she was coupled (4)
15 Keep one solicitor to settle disagreement (4, 2, 3)
17 Neat writer in beastly enclosure (6, 3)
18 Lock-keeper leading musicians (4-4)
20 Bargain? Sure thing (4)
21 Exist with cunning charm (7)
22 Opening sound part of gun (6)
24 Honoured companion with own Scots series (5)
25 Incumbent on 6 to have some transport (5)

Solution to Puzzle No. 4,340



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THE ARTS

Television

Come into the parlour by CHRIS DUNKLEY

The most striking and unexpected facts to emerge from a three-week monitoring of all the "game shows" on television —and there is currently at least one every day, with two on Mondays, Thursdays and Fridays —are that all the most enjoyable ones feature either Frank Muir or Dennis Norden or both, and that there is something ineffably English about the pair of them. Not only is it impossible to imagine them performing with any great success on American (let alone French, say, or Italian) television, it is even difficult to imagine American, French and Italian television having their own equivalents.

To the viewer the two men seem rather like polar opposites: Muir—his pinkness emphasised so often by the outsize bow tie, and his almost lisping delivery accompanied by the wide-eyed look of an ingenuous child—the cherub; and Norden—dark and beetle-browed, clipping out his answers while turning those heavy black spectacles away from the camera and appearing to doodle on the desk — the villain. Yet their humour and their abilities turn out to be so similar.

Starting their careers in broadcasting as a comedy scriptwriting team in 1947, achieving greatly deserved success on radio with *Take it from Here Bedtime with Braden*, and so on, Muir and Norden progressed (well, moved anyway) to television where they wrote scripts for *Whack-O!*, *Brothers In Law*, and various other series until the writing partnership dissolved in 1964.

But by then they had added a second string to their shared bow by becoming participants in BBC Radio's *My Word*, starting in 1956. At first sight their success in the often amusing but somewhat bizarre area of human endeavour known as "panel games" seems predictable enough: there would appear to be close affinities between comedy script-writing and panel-game-playing.

Yet the dismal showing of some other comedy writers, even talented ones, when they have tried to emulate Muir and Norden in game shows has proved that there is actually a big difference between sitting in an office working up funny plots or writing one-liners for Jimmy Edwards, and sitting in front of a microphone being witty on demand about every popular writer from Wordsworth to Wodehouse, and—in more recent years—every popular musician from Beethoven to Bacharach. The writing and the performing are really quite different occupations demanding associated but distinct talents. It so happens luckily for us (and for them) that Muir and Norden are blessed with both sorts.

Of course they have had achievements outside the programmes they are famous for: Muir was the BBC's Head of Comedy for a while and four years ago wrote a highly successful book called "An Irreverent Companion to Social History." Norden has a string of film credits to his name, and together they published a book with the characteristic title "You can't have your Kayak and heat it."

But it is as masters of the middlebrow, middle class panel game that they have really made their mark and (middlebrows and middle classes being it seems perpetually out of fashion, the disclaimer is necessary) that is not said with any intent to disparage. On the contrary: their ability to entertain and in a moderate way inform millions of people who much prefer being amused to being shocked, and to do so simply by using their good memories for poems, songs, and people and—vitally important—their native wit, seems to me not just an admirable and useful achievement but a very considerable one.

In the final analysis the word game in BBC2's *Call My Bluff* in which Muir leads one of the teams, the musical quiz and the modest performances in BBC2's *My Music* which features the two men each with a partner on opposing sides, and the nostalgic theatrical reminiscences of Thames Television's *Looks Familiar* in which Norden takes the chair, may perhaps prove to be little more than polished latter-day versions of those celebrated parlour games and musical evenings which television is supposed to have usurped.

However, since I have always suspected that most of those evenings were, like childhood summers, idyllic only in the memory and in reality more often characterised by the horrors of the Pooter household than the wit and glitter of a Bloomsbury soirée I suspect that we are all, thanks to the electronic box, much better off than were our forefathers in their little isolated domestic groups.

It is not as though you can't join in the TV games: my own household regularly runs up a score in *Call My Bluff* which is not only better than either team but — counting just positive points for words correctly identified—better than both teams put together. A fortnight ago with hoppity, hooshta, whaver, mamuque, switchell, Jackeen, kitist and cubbel we were wrong only once. (With hoppity: Halma, indeed).

None of us sings as charmingly as Muir and Norden's team mates John Amis and Ian Wallace on *My Music*, and none of us is old enough to remember the music hall characters or the early film stars who play such a large part in *Looks Familiar*.

Frank Muir (left) and Dennis Norden looking back on a 'Take it from Here' scrapbook

But that is not really the point. The point is that like the men who are described in children's books as "the best sort of uncle," Muir and Norden manage, night after night, game after game, series after series, to remain entertaining, original and funny without ever being too clever by half and without being smutty or getting cross or vindictive. They make it look very easy. And that, involving as it does sheer ability and long practice, is probably their greatest achievement because other TV panel games keep on proving that actually it *isn't* easy. Granada TV is currently trying with *Cabbages and Kings*, a quotation game chaired by *Face the Music*, alumnus Robin Ray.

It is a very Muir-and-Norden type of game, but the editions I have seen have looked forced and uneasy. After a highly unsuccessful round on "Cautionary Verses" Benny Green remarked that it was a lot of old Bellocs, and for the remainder of that episode there was a distinct tendency—especially from Green and cartoonist Bill Tidy—to send the whole thing up, which is disastrous on any panel game.

Good humour is a prerequisite, of course, but the contestants must also be genuinely trying and never contemptuous, however easily they may be earning their large fees.

In terms of crude head-counting other sorts of game show are more successful than the panel games: in the week ending July 20 *JICTAR* placed *Winner Takes All* at No. 10 in the Top 20, *Sale of the Century* at 16 and *The Krypton Factor* at 17. But these are all prize quizzes which because of their structure make "stars" not out of the contestants but out of the question-masters: Jimmy Tarbuck, Nicholas Parsons, Bob Monkhouse. They, after all, are the only ones who return every week (unless you count the ladies who lower their cleavage over the prize washing machines, or grin from above lurex blouses and call out the scores, and they seem fully interchangeable).

There is the third variety, the general knowledge quiz as exemplified by *Mastermind* (currently resting) *Ask the Family* (name three of the four countries beginning with J) and the daddy of all the general knowledge TV quizzes, *University Challenge* which seems unstoppable (what were the loaves which fed the 5,000 made from?).

There is one other truly dreadful phenomenon called *Runaround*, involving multiple-choice answers to such questions as "What is the name of the clock tower at the House of Parliament (sic). Is it Tall Tom, Big Ben or Little Len?" (Of which one is a bell and two are irrelevant). This misleading rubbish is produced by Southern TV especially for children who were treated to such lines as these—noted at random—in last week's edition:

You are kids int yer?

Will yer shut yer stinking gob?

I'll tear yer stinkin' hair off.

Runaround makes Dandy and Beano look highbrow and is yet another of those programmes which reinforce my suspicion that nobody in authority within commercial television ever watches anything more than half an hour away from either side of *News at 10*.

My Music, *Looks Familiar* and *Call My Bluff* may never win glamorous awards or get into the Top 20. But my impression gained from friends and acquaintances and from years of remarks overheard in buses, trains, shops and so on is that these panel games give as much quiet satisfaction and relaxing amusement as anything else on the box, and that is saying a lot.

Half Moon

Pal Joey by B. A. YOUNG

The new Half Moon, its interior décor now complete, is on the north side of Mile End Road, a hundred yards from Stepney Green Underground station. A hundred yards further east there is a cosy pub, the Three Crowns. If there is any justice, this area ought to be pretty crowded in the evenings for a while, for the Half Moon's production of *Pal Joey* is something to be seen at all costs.

It is on a small scale. The stage begins where the feet of the front-row patrons end, extending right across the building, and there is a small inner stage about half that width. On one wing is a six-piece band. Entrances are made from almost anywhere except the back wall. There are six girls in the chorus, and they are all given individualities of their own, even when they are doing one of Stuart Hopps's delightful routines. The two principals, Joey and his rich mistress, are Denis Lawson and Sian Phillips.

For the benefit of those who haven't seen the shsow, either on the stage or the screen, even on television, the story by John O'Hara is very simple. Joey, a con-man of the entertainment world, makes a passing contact with Linda, a nice working girl, before immediately abandoning her for Vera Simpson, wife of a trucking millionaire, whom he persuades to set him up in his own club. A blackmailer, posing as Joey's agent, starts to blackmail them; Linda overhears the plot and reveals it to Vera, and Vera, having seen the crooks off with the help of a tame Police Commissioner, sees Joey off, too, and he goes back to his old life, without even resuming his friendship with Linda.

This is done at the Half Moon in a series of little sketches where a few lines of intelligent, witty dialogue lead up to one of Rodgers and Hart's songs or a routine for some or all of the dancers. Only Mr. Lawson and Miss Phillips, and Lorrain Grey as Linda, keep their dramatic characters throughout. Other characters are shared: Robin Hooper begins as the trucking millionaire, becomes a tailor, ends as a blackmailer; Jean Hart is a woman reporter and a delivery boy; Christopher Muncke is a club owner and a cop.

All the girls are given little featured routines of their own, and one of the delights of Robert Walker's productions is their expertise at pretending to do things badly. The action takes place among second-rate people, the kind of people who sing romantic songs called "That terrific rainbow over you and I," and (as we saw in *Chorus Line*) there is a special talent in doing second-rate things convincingly.

Sian Phillips is never asked to do anything second-rate; she gives a fine, fully-rounded performance, and she sings her songs, which include "Bewitched, bothered and bewildered," as expertly as any cabaret performer, in a deep, husky voice, phrasing her lines as well as she phrases her dialogue. Mr. Lawson has to be a phoney, but when he has a song as good as "I could write a book," or a rapid tap routine, he gives it everything.

The band is particularly good, making attractive sounds but never letting them interefere with the singing. And the singing!—no mikes, every word clear, every expression expressed. The golden age is back at the Half Moon.

Earl's Court

Pink Floyd by ANTONY THORNCROFT

I know it must be pretty unpleasant for Roger Waters of the Pink Floyd to be a millionaire tax exile but does he really need to get his own back on the society which ruined his life by creating *The Wall*, just about the most depressing and disagreeable two hours of self-indulgence I have ever endured? His colleagues in Pink Floyd must share the blame in agreeing to go along with Waters' drawn out dirge, a squealing attack on his own life—education, family, government, and even the rock audience which has paid for the special effects at Earls Court.

The special effects have never been more needed at a Pink Floyd concert. They almost completely distract the attention from the music which apart from the mesmeric if morally despicable "Another brick in the wall" is very bad. Wealth, leisure and easy living dry up the creative forces in most rock bands but *The Wall* marks a very rapid decline for Pink Floyd. Apart from one solo from Dave Gilmour, soaring, in every sense, as he stood high on the forty foot wall with his shadow flickering on the vast opposite reaches of Earls Court, the only noticeable thing about the music was the excellence of the sound system, another consequence of lots of money.

So it's back to the production tricks. In the first half as the band, each with another musician doubling up on the four stars, plays the extraordinarily successful album *The Wall*, a gang of lego maniacs erect a wall in front of the band so that eventually it disappears. There are other visuals—a plane zooms across the auditorium before exploding: huge grotesque puppe ts by Scarfe bob into view (admittedly imaginative) images are played on to the screen high above the stage. But really most of the attention is focused on the building of the wall. It culminates in quite a diverting theatrical happening but is $2m, the cost of the exercise, away from music.

And then everything goes into reverse. Once again the effects are impressive—the wall suddenly subsiding in one sector to reveal a motel room with Waters drinking and watching TV; the giant expanse of white wall being used for screened images of Vera Lynn and soldiers and other confused fragments from Waters' past; that old Floyd stand-by, an enormous dirigible of a pig, fiercely black, and with searchlights raking the audience through its eyes. The band appears, to play in front of the wall and some really nightmarish, Bosch like caricatures are screened to accompany the predictable anti-fascist bit and add to the melancholy. Then the wall collapses and we are free to go.

Covent Garden

Rhapsody by CLEMENT CRISP

As the world must by now be happily aware, the Queen Mother honoured the Royal Ballet by choosing to celebrate her 80th birthday at a performance given as a tribute to her. And for the occasion Sir Frederick Ashton has produced his first new ballet in four years, a work dedicated to Her Majesty.

There will be much to say later about this *Rhapsody*, which uses Rakhmaninov's Rhapsody on a theme of Paganini; let me in this initial comment note that the work is plotless, and set for a leading couple—Lesley Collier and Mikhail Baryshnikov — with a group of six male and six female soloists. Design is by the choreographer — a classical façade of arches on either side of a portico, simply drawn almost as a sketch of a building, with steps leading down from it — and by William Chappell, who has produced costumes in gold and beige and pink.

The presence of Baryshnikov has, I feel, suggested certain attitudes, certain ideas which inspire and impel the choreographic development. Rakhmaninov, great virtuoso—and exiled Russian—took his theme from the work of another great virtuoso; Ashton has been presented with the gifts of a great Russian virtuoso dancer. The choreography inevitably feeds from these gifts, which are shown off in bold sweeps of bravura dancing.

To Baryshnikov falls the initial statement of the musical theme; the expansion of the choreographic argument thereafter is entirely dictated by the music. Ever obedient to his score, Ashton has created a chain of dances truly rhapsodic: variations for his principals and their companions depend, as does the development of Rakhmaninov's text, upon contrasts of mood and texture.

We see Baryshnikov soaring, spinning, deploying every technical feat at his command—it is as if Ashton had each day in rehearsal asked for more virtuosity, more prodigies that he could transmute into the fabric of his choreography.

From Lesley Collier he demands that speed and lyric sweetness which are her special gifts: there are passagers for her of mercurial vivacity, but there is also the effusion of romantic feeling that comes with the duet which inevitably is set to the luscious 18th variation. Both Collier and Baryshnikov have moments in which they are featured with an attendant group—for Collier and six boys there is, especially, a magnificent a sequence which is reminiscent of *Scenes de Ballet*; to Baryshnikov also full passages more contemplative, almost lonely in their mood.

In a work which appears as grandly demanding of its dancers' skill as Rakhmaninov is of his pianist (on Monday the excellent soloist was Phillip Gammon, with the Covent Garden orchestra under Ashley Laurence on its very best behaviour), there are hints at feelings which greater experience of the piece will make more plain. And characteristically, the ending is puckish—in the Ashtonian sense, too—for after a triumphant moment when he is held high by the men, Baryshnikov's last gesture is very like the little shrug with which Puck closes *The Dream*.

Mikhail Baryshnikov

It needs me only to add that the ballet was given with fine technical gloss by its soloists, and that Collier and Baryshnikov were at their gleaming best.

The evening also included *Mam'zelle Angot*, in which Graham Fletcher made a comic Everest out of the molehill of the role of the Police Chief, and *A Month in the Country*.

New End

Rough Magic by MICHAEL COVENEY

Above the winking lights of Soho, the bustle of Berwick Market, sits Tom, one of the three worst actors' agents in London. He is running out of clients, loathes the theatre and has concontracted terminal irony: "I'm going grey. Not my hair so much, more my body." Kerry Crabbe's new play bristles with good lines but falls apart at the seams when it comes to plot and characterisation.

Assailed on all sides by a truculent wife, a boring actor, the actor's hysterical wife and a fantasised sexpot who thrusts herself upon him as an unlikely Girl Friday, Tom is beating a retreat behind piles of office equipment, flicking a poisonous tongue at any intruder. The telephone rings and he freezes by the filing cabinet; the arrival of an inflatable doll on his desk, together with the sudden irruption of the actor's wife, induces a fit of nausea and he throws up in the goldfish bowl.

It is the sort of part that demands the inspired invention of a Dinsdale Landen. Hugh Fraser goes for the understated approach and becomes unstuck once the play lurches, rather unhappily, into a serious ideology-swapping encounter with the wife. For all its superficial brightness, the evening ends up as a sort of fringe replay of *Otherwise Engaged*. It is certainly as structurally conservative as Simon Gray's boulevard hit, despite the somewhat self-conscious brandishing of permissive and outrageously sexist credentials. To be fair, Mr. Crabbe does not give Tom all the best lines. His wife reveals how she was a careers adviser until she discovered she was in the wrong job. The actor, ludicrously but amusingly chauvinistic, has never got over the fact that there are twice as many breasts in the world as women.

Director Dusty Hughes has assembled an excellent cast who nonetheless give the appearance of being distinctly uneasy about the smart-ass quality of the script. Celia Imrie is almost unbelievably buxom as the new office girl with ideas beneath her station; Gabrielle Lloyd and Delia Lindsay as the rampant wives are, respectively, waif-like and desperately forthright. And Timothy Davies's pathetic thespian, surviving a long bout of unemployment with memories of his triumph as Edmund at Hastings (or was it Hastings at Bury St. Edmunds, Tom feebly inquires), adopts the only sane course of action left open to him and goes mad.

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Credit truths uncorseted

WHEN THE TIME comes for an old lady to remove her stays, it is no surprise if a somewhat unflattering figure is revealed: and it would be more than naive to suppose that the act of easing the laces has suddenly caused her to put on weight. The garment is designed to conceal the development of unsightly bulges. It is clear then that, as the authorities explain in their official apology, the extremely unflattering banking figures published yesterday, the first since the effective removal of the "corset" regulations, convey no information at all about monetary growth in the past month, or even the last six months. They do show that the lacing was tighter than anyone suspected.

For those who, like ourselves, have been consistently sceptical about the true effects of what was in essence an exercise in statistical management, the present embarrassment of the authorities has a certain poetic justice. For just over two years, the banking system has been provided with strong incentives to manage its affairs in such a way as to minimise its end-month interest-bearing liabilities, which are a major component in the money supply. This has meant that the money supply figures themselves, the central objective of policy, have been correspondingly distorted. The management of interest rates, instead of meeting monetary developments as they emerged, has involved a large element of judgment, and has followed a lurching and somewhat unpredictable course.

Window-dressing

What has now become clear is that at some stage during this two-year period, "true" (that is, undistorted) monetary growth rose far above the reported figures. The new figures, coupled with the fact that there may still be about £1½bn of accepted bills held outside the banking system which will be refinanced by bank lending in due course, suggest that the concealed growth may have been as much as 5 per cent or even more.

It is clear that the much-discussed bill leak was only one of the distortions which arose. The large changes in balance-sheet structure in July suggest that other forms of window-dressing included abnormal transactions with the discount market, currency swaps with depositors, and possibly substantial sales and repurchases of bank holdings of Government stock over make-up day.

This sad tale points a clear moral, and poses an important policy dilemma. The moral is that there can be no place for distorting quantitative controls in a serious monetary policy. True monetary growth results from a combination of interest rates and the Government's fiscal stance, and no regulation can offer an escape from the necessity for appropriate policies in these two respects.

Regulations

In proposing the supplementary special deposit scheme, the Bank of England also seems to have forgotten one of the truths it has most consistently proclaimed in other contexts: that financial markets respond badly to rules and regulations. Under set rules, everything which is not specifically forbidden is permitted, and the commercial banks have shown commendable ingenuity in protecting their own interest within the letter of the SSD rules. This should occasion neither blame nor surprise.

Fortunately this moral needs no underlining; neither the markets nor the authorities will readily trust distorted figures again. The dilemma, however, remains. Only intense research will reveal even an approximate idea of the exact size and, still more important, the timing of the distortions. Yet until this doubt is resolved, it will be impossible to judge the significance of the Government's monetary targets, which at the moment set the difference between figures containing large and unknown distortions and future figures which should be undistorted. It may well be necessary, as the Governor has already hinted to the Treasury Committee, to reset the targets.

Realism

This will not be an act of retreat, but of realism. The currency markets, and to a lesser extent the gilts market have shown enough resilience to suggest that they understand that what has been revealed is not a new horror, but a past error. The real economy shows clearly that whatever happened last year, restraint is now a fact.

New rules for picketing

THE DRAFT code of practice on picketing published by the Department of Employment yesterday is on the whole a lucid and sensible document. Much of it indeed is remarkably similar to the guidelines issued by the TUC at the time of the lorry drivers' strike early last year. It would therefore be inconsistent for the TUC to dismiss it out of hand.

There is, as the document says, no legal "right to picket" as such, but peaceful picketing has long been recognised as being lawful. It is a matter of laying down the ground rules as clearly as possible so that they can be understood by the strikers, by union officials, by employers and, not least, by the police. These ground rules have not always been easily apparent in the past. An advance in clarity is welcome in itself.

Persuasion

On some issues the language of the draft code is almost identical to that of the TUC. For example, the TUC guidelines accepted categorically that a picket has no right to stop a vehicle against the driver's will. Lawful methods of persuasion, it went on, are limited to "oral or visual methods." The draft code says: "A picket has no right to require a vehicle to stop or be stopped. His right is limited to asking the driver to stop by words or signals."

There is similar agreement on the need to maintain essential supplies and services during a dispute. The TUC said that it considered such action to be "vitally necessary." The draft code states that pickets "should take very great care to ensure that their activities do not cause distress, hardship or inconvenience to members of the public who are not involved." It gives rather more detailed examples than the TUC of the sort of action that should be avoided, but there is no basic disagreement.

The TUC and the Department of Employment are also at one on the fundamental purpose of picketing. It is peacefully to obtain or communicate information or peacefully to persuade a person to work or not to work. The operative word is "peacefully." There is no disagreement on that. Where the TUC and the present Government may differ, however, is on the permitted number of pickets. The draft code breaks new ground in suggesting that for the purpose of seeking peacefully to persuade those who are prepared to listen the maximum number required will rarely exceed six and frequently will be less. Reactions yesterday indicated that the TUC regards such a guideline as unduly restrictive.

Flexibility

In fact, the draft code allows a certain flexibility. The danger of permitting a large number of pickets is that peaceful persuasion may give way, perhaps unintentionally, to obstruction or even intimidation, both of which are criminal offences. Circumstances will differ from place to place, but the draft code suggests that what constitutes a reasonable number in any one case might be discussed by the picket line organiser and the police. Since the TUC is interested in upholding the law, that is an arrangement which should be tried. There can and should be no hard and set rule.

The reservations about the draft code arise from the new law relating to secondary picketing. Under the Employment Act picketing at a place of work from the original dispute is subject to more stringent provisions. Pickets will be immune from civil proceedings if they seek to interfere with contracts of employment, but not necessarily if they interfere with commercial contracts. In practice, this distinction will in some cases be a fine one. Interference with contracts of employment may inevitably lead to interference with commercial contracts. The pickets may still preserve their immunities, but only if their actions are confined to disrupting supplies between their employer and the employer in dispute and are likely to achieve that purpose. All that may be difficult to prove.

Consultation

The new Act may thus lead to a greater involvement of the courts in labour disputes. That may serve a purpose in clarifying the law. But the best approach of all is one where all parties know what is permissible without going to court. Consultation between pickets, employers and the police is the way forward.

FIERCE DEBATE OVER COMPARATIVE PRICES

Industry anger at energy 'squeeze'

BY RAY DAFTER, SUE CAMERON and MARTIN DICKSON

BRITISH INDUSTRY, which is being buffeted and weakened by the combined forces of low demand, high inflation, high interest rates and export-inhibiting high sterling values, has now been tossed into a storm over high fuel prices.

The protests have been getting louder as each of the energy providers—the oil, gas, coal and electricity industries—have notched up new price rises. Some of these increases, direct and indirect, can be laid at the feet of the main oil exporters. Others, particularly those implemented by the British Gas Corporation and electricity suppliers, have stemmed at least in part from the policies of a Government which believes that "realistic" energy pricing is the key to conservation and improved fuel efficiency.

There are already rumblings of discontent to be heard within the Confederation of British Indsutry where big energy users are talking about the possibility of setting up a fuel users' group. The problem will get a formal airing at today's meeting of the National Economic Development Council at which Mr. David Howell, Energy Secretary, will be presenting a paper.

Mr. Howell will walking into a minefield of confusing statistics: case histories that show many UK companies are paying more for their energy than their overseas competitors while counter claims from the fuel providers seem to show they are not out of line with the rest of the European Economic Community.

Mr. Norman Lamont, junior Energy Minister, tried to smooth the ruffled feathers last week when he told oil analysts that there was "no firm evidence" that average industrial gas prices were higher in the UK than in other European countries. Even if the differential as against foreign competition was as much as 50 per cent—and he did not think that was the case—this would add less than 1 per cent to product selling prices, given that gas typically accounted for only a small proportion of industry's costs.

Far from being placatory, Mr. Lamont found himself fanning the flames of unrest—and in some cases anger—within large sectors of British industry. Most vocal during the past few days have been those industries whose energy bills account for a far higher proportion of their total manufacturing costs than the average (generally 3 to 4 per cent, according to Government figures).

The paper and board industry for instance, reports that its energy costs on average have risen from about 7 to over 15 per cent of total manufacturing costs in recent years. In West

Howell will walk into a minefield of confusing statistics

Germany energy's share would be nearer 11 per cent, it claims.

The British Paper and Board Industry Federation has surveyed the energy costs for a typical small paper mill in various countries. With current prices and exchange rates the UK is losing competitive ground, it claims. The costs of gas, electricity and oil in the UK are said to be higher than in West Germany, France, the U.S. and Canada. The combined cost per tonne of these fuels is reckoned to be £49.70 in the UK, £35.60 in West Germany, £33.20 in France, £23.90 in the U.S. and £14.80 in Canada.

The paper and board industry may have chosen the most dramatic examples to support its argument—it would be surprising if that were not the case. But there can be no doubt about the industry's plight. Mills are being closed at the rate of over one a month; every 10 days on average a big paper-making machine is being shut.

The steel industry, in a paper published on Monday, warned that past and forthcoming increases in energy costs would "almost certainly" result in the closure of many UK steel plants. The British Steel Corporation and the British Independent Steel Producers' Association, which worked together on an analysis of European energy prices, pointed out that steel manufacturers were among the heaviest fuel users. Energy accounted for 20 to 25 per cent of liquid steel producing costs and 9 to 17 per cent of conversion costs.

And, like the paper makers, the steel industry reckons it is paying higher prices than its main competitors in Western Europe and North America. BISPA and BSC, in firing a broadside at the Government over its energy pricing policies, state: "The monopoly position of the energy supply utilities has effectively made it possible for Government to impose on them pricing policies unrelated to the requirements of the market place with detrimental and near-disastrous consequences to manufacturing industry."

Strong stuff, but the criticism does not stop there. Why, the steel makers ask, is it that the UK with virtual energy self-sufficiency cannot place this natural fuel advantage more to the benefit of the country's manufacturing industry? It is a question, implying a demand for more favourable energy charges for UK industry, which has not yet been fully answered by the Government although Mr. Howell may well address himself to this problem at the NEDC meeting today.

The National Federation of Clay Industries has not gone this far—but it is calling for a moratorium on prices. It has just carried out a survey of its members which shows that energy costs account for between 17 and 54 per cent of their total production costs.

The biggest industrial users of energy in the UK are the chemical companies and it is the chemical industry that has led the attack on pricing policies. British chemical producers will spend over £1bn on energy this year—a sum roughly equal to their planned investment spending for 1980 or to their estimated total profits for the year.

The Chemical Industries Association is another which claims UK companies are being forced to pay more for energy than their Continental competitors. It says British chemical companies would pay £230m a year less for their energy if they were buying it in West Germany and £250m less in France.

The association has also protested strongly about the size of energy price increases in the UK—particularly those being imposed by the British Gas.

Information collected by the association from its members indicates that as late as May this year British Gas was asking some of its customers to pay 38p-40p a therm for renewed, firm supply gas contracts.

The chemical industry's evidence suggests the corporation originally intended to charge around 40p, which is roughly equivalent to the price of gas oil, for the renewal of all existing firm supply contracts—an increase of around 50 per cent in the asking price for renewals during the first three months of this year. But British Gas now seems to have backed down in the face of outraged complaints and intends to put up the price of existing firm supplies to around 75 per cent of the gas oil price—about 30p a therm.

The Department of Energy and British Gas have come up with a series of counter arguments. Their clincher is that nearly all the numbers being bandied about are misleading because nobody knows exactly what prices are being charged on the Continent.

Among the interested parties there is some basis of agreement that average industrial gas prices on the Continent at the start of this year were between 15.8p and 19.3p a therm. The Department reckons the average industrial gas price in the UK in January—taking in firm and interruptible contracts — was 15.96p a therm, 17.51p or 19.5p, depending on the basis of the calculation.

The chemical industry, on the other hand, claims the average industrial gas price in the UK in January—for firm and interruptible supplies—was 24.5p a therm.

The electricity industry has also come in for a fair amount of stick from manufacturers, particularly those who use electricity as an integral part of processing operations: electric arc furnaces in the steel sector and chlorine manufacturing in the chemicals sector for instance. Industry's electricity costs now stand at 3p a kilowatt hour, up 29 per cent since last September.

Complaints against the electricity industry tend to fall into two main categories: that it is adopting a cost-plus mentality and failing to trim its own fat, and that its charges are substantially higher than in most Continental countries.

The electricity industry parries the first complaint by pointing out that fuel, mostly coal and oil, accounts for almost two-thirds of its own costs. Oil prices doubled in the last financial year while coal costs rose by 35 per cent

On the second point the electricty industry is confronted with the inherent controversy of international comparisons: different countries change prices at different times while exchange rates are constantly changing to confuse the picture.

The controversy over coal prices has been notable for the long-running battle between the inter-dependent National Coal Board and the Central Electricity Generating Board. Mr.

They are not even sure they are sparring in the same ring

Glyn England, the CEGB chairman, has just injected fresh life into the dispute by accusing the NCB of pricing its supplies to the electricity industry in such a way as to prop up uneconomic pits.

Yet relatively few complaints about coal are to be heard from the private sector, even though the average price of general industrial coal went up by 20 per cent last April and now stands at £35 to £38 a tonne at the pit.

The NCB retains a sufficient price edge to entice some industrialists away from oil and gas.

For once, the oil industry emerges reasonably unscathed from pricing attacks, largely because it is able to deflect the shots towards the ultimate price-setter: the Organisation of Petroleum Exporting Countries.

Oil men will tell you that product prices cannot fall wildly out of line between one country and the next because import and export trade would act as a balancing factor

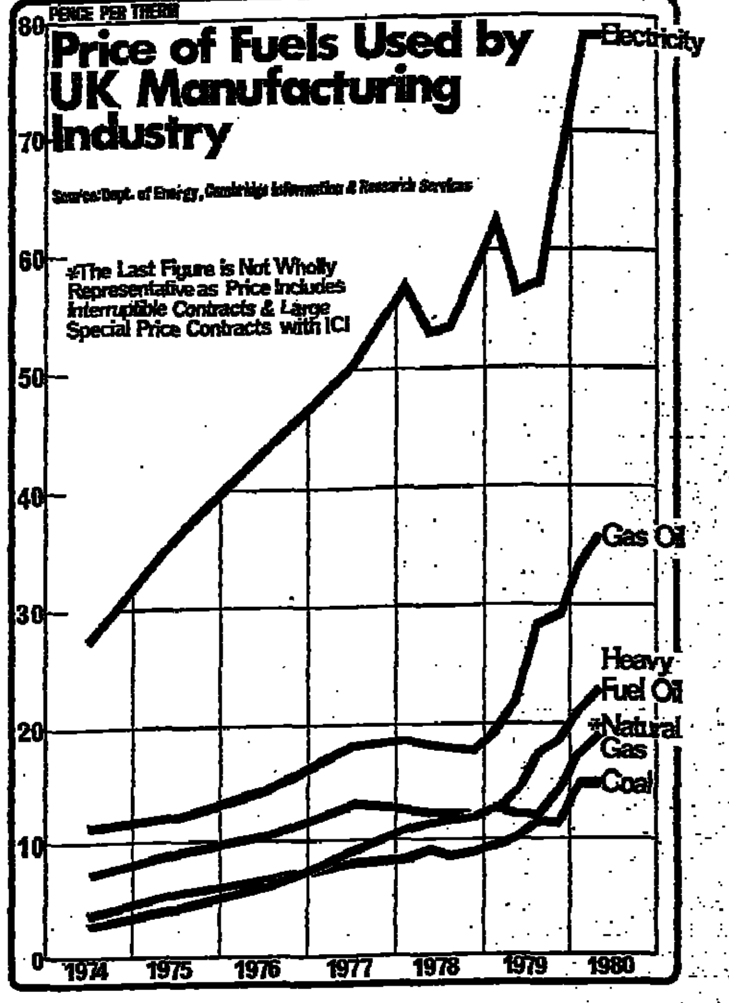
Consequently, the oil product prices monitored by the EEC fall in a reasonably close pattern. The average selling price of five products—premium and regular petrol, Derv, domestic heating oil, and fuel oil—works out at 67.55p a gallon for the UK, 69.21p a gallon for Germany, 71.42p for France and 76.74p a gallon for Holland.

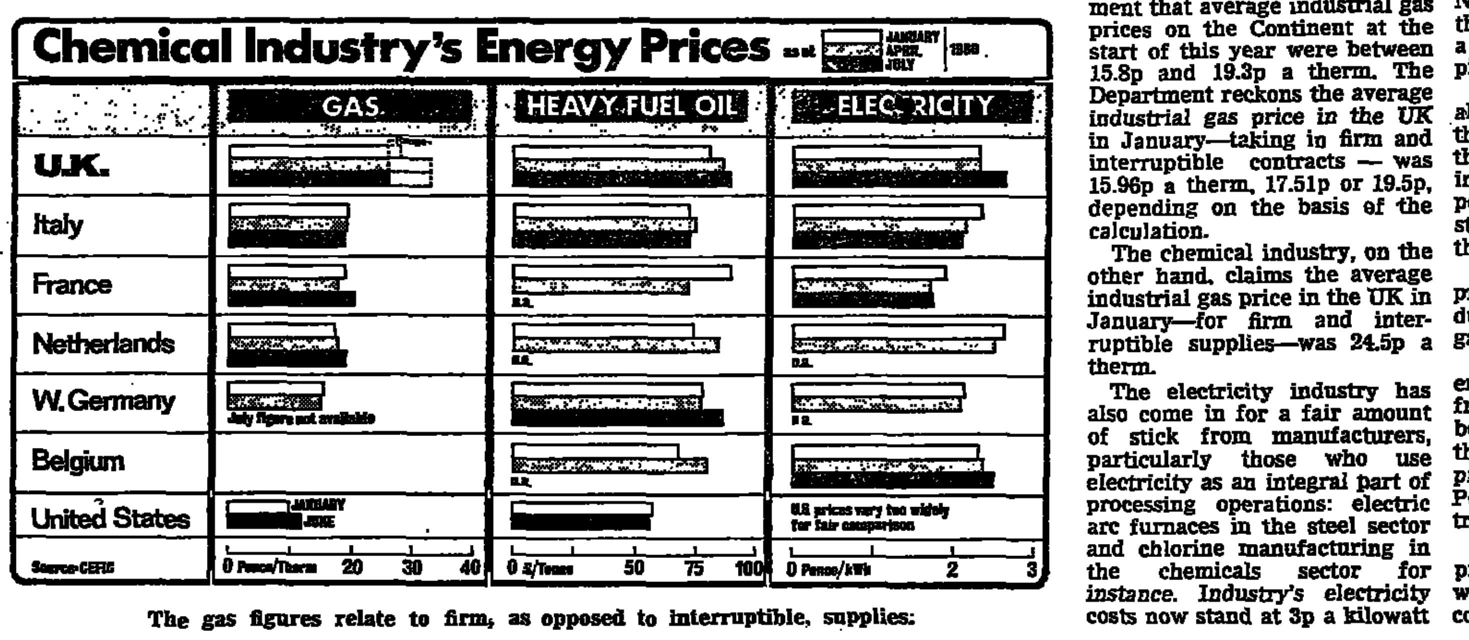
This basis—calculated from EEC statistics by a major oil company using this week's currency exchange rates—would seem to indicate that UK oil prices are among the cheapest charged in major European countries. Wrong, says UK industry. Just take a look at heavy fuel oil prices, it points out. The paper industry again provides examples: 50.2p a gallon for bulk deliveries in the UK; 37.8p a gallon in Holland; 33.9p in Germany; and 32p in France.

The tax structure also has an impact. According to the chemical and steel industries, the UK duty on fuel oil—£8 a tonne—is among the highest in the world. Comparable figures in other EEC countries are: Belgium—£1.48; France—8p; Germany—£3.55; Italy—5p; and Netherlands—£3.27.

If the Government is satisfied that UK industry is being unduly penalised by high energy prices—and there certainly appears to be evidence from at least the processing sectors—then it could take initial corrective action by adjusting the duty on fuel oil and the similar excise tax on gas oil. This would have a knock-on effect. The CEGB pays tax-inclusive rates for its fuel oil, so there would be a minor adjustment to electricity charges. And gas tariffs, linked as they are to duty-inclusive prices of fuel oil and gas oil, should also be trimmed. The steel industry reckons that oil duty adds 2p a therm to gas prices.

But first there is an urgent need for better pricing information which can be recognised by industry and government alike and which can form the basis of international comparison. At the moment the Government and industry are not even sure they are sparring in the same ring.





The gas figures relate to firm, as opposed to interruptible, supplies.

MEN AND MATTERS

Scholl dons his walking shoes

West German pharmaceuticals companies, struggling to regain control of their Iranian subsidiaries which were unceremoniously snatched by the Tehran Government last month, have chosen an unhappy moment to part company with their strongest political lobbyist.

The industry's federation, which includes some of the world's most powerful drug conglomerates, is looking for a replacement for its director-general, Hans-Otto Scholl. In charge for eight years, Scholl is credited with having won the industry considerable sympathy in Bonn, chiefly as a result of his top-level connections in the Free Democratic Party, the junior partner in the governing coalition.

On the surface, his removal stems from a difference of opinion with his masters over federation investment policy. Faced with a mounting surplus from membership fees, Scholl embarked on an unconventional investment scheme, and in the past few years up to DM1.5m (nearly a fifth of the federation's reserves) have been invested in gold, diamonds, and works of art. Somewhat ungratefully, I feel, the federation charges that he should not have ventured so boldly without consulting the firms whose subscriptions he used.

Behind the indignation, however, lies concealed a history of political friction. Scholl's brand of FDP/Liberal politics simply did not harmonise with the rather more Right-wing views of his employers. Chairman of the FD P in the Rhineland Palatinate and also chairman of the parliamentary group in the state assembly, he has an assured ticket into the Federal Parliament in Bonn when he chooses to take it. He is also a close associate of Economics Minister, Graf Otto Lambsdorff.

On the other side sits Max Tiefenbacher, a director of Hoechst, and president of the federation. While Scholl has consistently argued for a low-profile lobby, making best use of his contacts, Tiefenbacher favours more spectacular ways of letting the world know how drug companies saw the world. His broadsides against the coalition and increased donations to the Christian Democrats were not acceptable to Scholl.

By terminating his contract, the federation has won the elbow room to make a more public stand (and it can go back to investing in Government securities), but it has also forfeited some powerful allies in the process.

"Sorry chaps, six is company, seven's a crowd!"

Nom de guerre

As if to confirm that the silly season has arrived, Mr. Whatsisname is back. Francis Reynolds, who has for years waged a war of attrition with Law Society, has launched SPIVS—Society for the Protection of Involuntary Victims of Solicitors. Mr. Whatsisname, who made his name (literally) in his efforts to debunk Law Society advertising and solicitors in general, is a Birmingham University law lecturer. "I am," he tells me, "a dissident from the legal establishment." Reynolds believes SPIVS could become a sort of jurisprudential counterpart to the National Viewers' and Listeners' Association—a daunting prospect.

Rural rides

Exchanging City shoes for green gumboots, I yesterday penetrated deepest Letchworth in pursuit of the Country Gentleman's Association. With the help of local beaters, I soon ran it to ground in a rambling modernish half-timbered hall on the outskirts of the town, which if it has not already enjoyed one life as a public house must certainly be on the shopping lists of acquisitive brewers.

Only the rather high incidence of ruddy cheeks betrayed the association's origins, for, catching me wrong-footed, the assembled gentlemen had swapped their thornproofs for suave suits at this, their annual meeting. It was a pleasantly informal affair. Two directors sent apologies—the Earl of March was "rather involved at Goodwood," while Robert Cattle was understood to be "sunning himself."

Founded in the naughty nineties as a discount mail order house for gentlefolk too isolated or too idle to shop in town, the Association's most profitable activities now are its financial services, which include such rural specialities as insurance cover for thatched roofs.

I am happy to report that thanks to a healthy breeding performance, there is a growing population of country gents in need of the association's specialised offerings. Membership—down to less than 20,000 in the late fifties—is now climbing steadily and stands today at around 36,000.

The financial picture, however, is less rosy. Crippling overheads in mail order trading have forced a progressive cutback from 60 staff to a mere half-dozen. But while the morale in Letchworth plummeted with the redundancies, the outcome, hopes the board, should be a return to decent profits for the CGA after two loss-making years.

Not before time

As pulses quicken in expectation of a Government statement signalling the prospect of an end to the protracted and bad-tempered wrangles over compensation to the former owners of three of the largest shipyards now in British Shipbuilders, my behind-the-scenes contact remains sceptical of a speedy solution.

The Government is known to be considering a scheme to float off the BS naval yards into a holding company with at least partial private ownership. But my man gives better-than-even odds that room will not be found to manage the launch in the next parliamentary session.

Such a float would provide aggrieved former owners Vickers, Vosper, and Yarrow with a possible avenue towards settlement through participation in the newly-formed holding company. There can be little doubt, though, that Vickers in particular, as it finds its feet with Rolls-Royce, would prefer either its yards or its money in an undiluted form.

Why the Government has let the whole thing drag on for so long is far from clear—it could probably have settled all three for comfortably less than £100m or so at the outset, and hung on to yards which earned £45m for BS last year.

Batty

Sign on the rear window of a car in Kingsway: "Why Should Fledermaus Die?"

MR. ATKINSON'S CASE AGAINST DENATIONALISING THE WARSHIP YARDS

British Shipbuilders fights its corner

By WILLIAM HALL, Shipping Correspondent

MR. ROBERT ATKINSON, who took over as chairman of British Shipbuilders just over a month ago, has warned the Government that any move to fragment the corporation would have "disastrous financial and industrial consequences."

In a private memorandum to Mr. Adam Butler, the Minister of State for Industry, Mr. Atkinson argues that fragmentation would be read as a "political solution of short-term advantage" by the trade unions and the damage to industrial relations "would be immense."

The Government has been told it is likely that any move to sell off the warship yards would precipitate the resignation of a large part of the British Shipbuilders' board and would be accompanied by widespread industrial unrest. The progress made in reducing the number of manhours lost through disputes and streamlining the wage bargaining structure would disappear.

British Shipbuilders' case is that the three mixed merchant/naval shipyards of Cammell Laird, Swan Hunter and Scott Lithgow are particularly vulnerable. These yards carry unusually heavy overheads, such as security and support staff, because of their dual role in building merchant and naval ships.

They rely on the "lead" naval yards of Vickers, Brooke Marine and Yarrow, to do the design work and in return they undertake to keep a certain level of skilled staff to meet naval requirements. If the lead warship yards were sold off, British Shipbuilders would not be able to justify maintaining all these facilities and has privately said that two out of the three yards might have to close. The repercussions of such a move in politically sensitive areas such as Clydeside and Merseyside would be significant.

In addition, British Shipbuilders would probably not be able to support the British Ship Research Association, the main research arm of the industry, at a time when the world shipping industry is undergoing a period of major technological change.

The Cabinet is expected to make a decision on the future of British Shipbuilders tomorrow. Superficially, the discussion will be about denationalising the profitable warship yards but the real debate should really be about whether Britain wants to retain any sort of merchant shipbuilding industry.

The debate has become confused because the whole issue of selling off the warship yards has become bound up with rows over financial compensation to the former private shipowners and has largely overlooked the fact that virtually every government in the world is propping up its own shipbuilding industry.

Few countries have gone as far as the UK in reducing shipbuilding capacity. Japan, for example, which produces nearly half the world's ships planned to reduce its output from 8.1m compensated gross registered tonnes (C.grt)—the best yardstick of output—in 1976 to 2.7m C.grt last year.

In fact, Japan produced 4.95m C.grt of shipping in 1979 and in the opening months of 1980 has captured 60 per cent of all new building orders. By comparison EEC countries won only 8 per cent of new orders.

The plight of Britain's merchant shipbuilders has been exacerbated by the strength of sterling because Japanese shipyards are the price leaders in international shipbuilding. Between August, 1978 and April, 1979 sterling appreciated against the Japanese yen by just over 50 per cent. Since then the yen has recovered somewhat but is still standing at around Y530 to the pound, compared with Y385 two years ago.

As a result of the chronic overcapacity in world shipbuilding and the depreciation of the yen, British Shipbuilders is receiving no more for most of its ships now than it was in 1974.

It is against this background that any decision to sell off the UK warship yards needs to be considered. British Shipbuilders, which effectively controls Britain's merchant shipbuilding industry, argues that it is not strong enough at the moment to survive the amputation of its only profitable arm.

The advantages of hiving off the warship yards are more apparent than real. True, they make sizeable profits and have a healthy orderbook but there is little indication that they would prosper more under private ownership than under British Shipbuilders' new management team.

Unlike the merchant shipyards, Britain's naval shipbuilders have a captive domestic market where the bulk of the work is priced on a cost plus basis. In addition, in export markets they do not face competition from the Japanese shipyards since their Government does not permit them to compete for major naval orders.

Consequently, it is not hard to see why British Shipbuilders' naval yards make handsome profits even though they are only two thirds as efficient as most European and American warship builders. By contrast, the gap in efficiency on merchant shipbuilding is far less for the top UK yards.

For Mr. Atkinson, its chairman, the combination of the corporation's severe financial crisis (it could have run out of money by November) and the uncertainty about the future of the warship yards has come as a major blow.

He has been in his post for only a few weeks and has hardly had time to formulate his plans for the future of British Shipbuilders, let alone start implementing them. He firmly believes that without the warship builders as an integral part of the corporation, British Shipbuilders is no longer a viable unit.

He is not against the introduction of private capital into British Shipbuilders but questions the timing and at least wants to be given the opportunity to try out his ideas for putting the industry on a more viable footing. "At least let the dog see the rabbit," says Mr. Atkins.

He believes that there is room for considerable improvement in the organisation and administration of British Shipbuilders. The corporation's inflated overheads are already being attacked. "At least £2.5m can be saved with no difficulty," says Mr. Atkinson.

British Shipbuilders maintain two effective headquarters in London and Newcastle which involves senior staff endlessly commuting by private plane between one and another.

Both the plane and one of the two headquarters seem ready for the axe. In addition, Mr. Atkinson sees scope for much tighter financial controls over the corporation's subsidiaries.

With hindsight the losses on ship repairing (£26.3m in two years) seem unacceptably high and Mr. Atkinson plans to prevent similar major financial haemorrhageing happening in future. While chairman of Aurora, his previous job, he masterminded the restructuring *of the UK special steels industry* with the minimum industrial unrest, and is confident that he can do the same at British Shipbuilders provided he is given time.

Mr. Atkinson feels that UK shipbuilding has contracted enough. The current target output is 400,000 C.grt per annum and he wants it higher even though there is scope for further shipyard closures.

One of his key measures is to undertake a major restructuring of British Shipbuilders' organisation. He plans to establish five divisions of which the two most important will be warship building and merchant shipbuilding. The latter will take in marine engine building.

In addition, he plans to *establish an offshore division* which will be based on Vickers Offshore (projects and development). Mr. Atkinson feels strongly that British Shipbuilders has failed to take advantage of the offshore market in the North Sea and plans to remedy this deficiency.

The other divisions will be general engineering and ship repairing. Neither of these is critical to British Shipbuilders' future and Mr. Atkinson believes that this is one area where he can quickly stem the financial losses and, if needs be meet the Government's wish that parts of British Shipbuilders should be returned to the private sector.

The plan to divisionalise the corporate structure of British Shipbuilders is designed to ease the introduction of private capital at some future date. Each division will have its own board.

However, while the machinery for introducing private capital will soon be in place — in the form of an easily recognisable corporate structure — Mr. Atkinson and his board feel that any moves to hive off the *warship yards are premature.*

Mr. Atkinson wants to be able to weld the British industry into a viable unit. He believes that once this has been done, private capital could be introduced into the whole industry along the lines of a BP solution. He feels that if British Shipbuilders can be put on a profitable footing over the medium-term the political advantages in areas of heavy unemployment such as Clydeside will far outweigh any short-term political gains in selling off the warship yards.

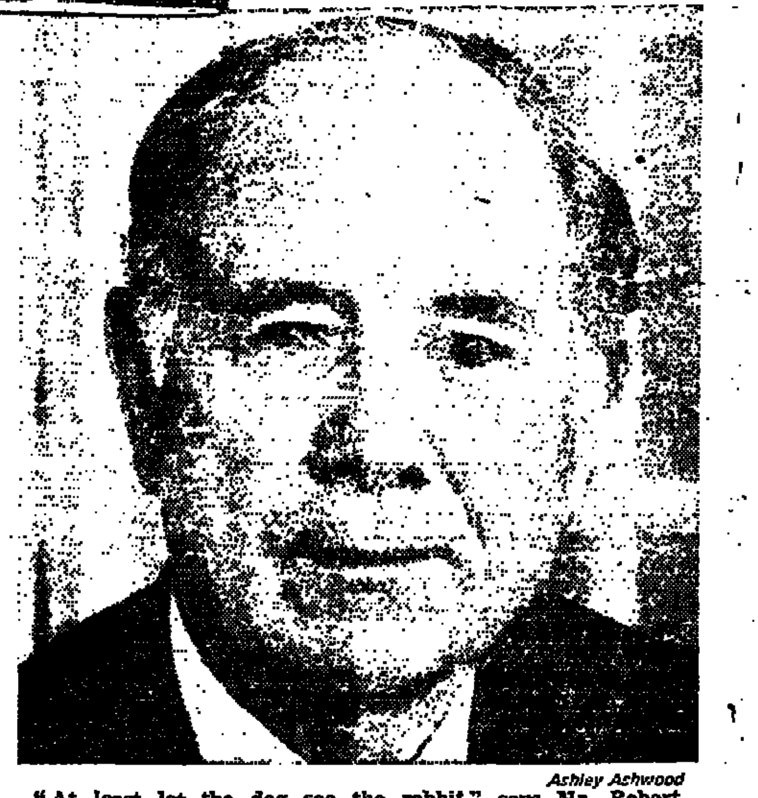
The other key to his new strategy involves encouraging UK shipowners to order more ships in British yards. Only half of the 2m. dwt of UK shipping now on order is being built in these yards. By contrast the bulk of the merchant fleets of most European countries and, virtually all American and Japanese ships, are built in domestic shipyards.

"Most countries are now relying increasingly on their domestic shipowners to provide the base load for their *shipbuilders,*" *argues* Mr. Atkinson. To stimulate this market most countries offer "significantly better" terms than Britain on loans to domestic shipowners.

He would be happy to see the scrapping of the present system where UK ship prices are subsidised through an Intervention Fund. In its place he would like to see much better credit terms for British shipowners: "If every UK shipowner ordered at home, the UK shipbuilding industry would be two and a half times its present size."

There is no doubting the daunting taks which Mr. Atkinson faces. His assumptions about the willingness of UK shipowners to order in domestic yards are optimistic, and even after a thorough rationalisation of the industry during the next couple of years it is most doubtful whether the UK merchant yards will be making any money.

The Government needs to consider whether Mr. Atkinson deserves a chance to make a go of British Shipbuilders, in the *only way in which he believes it* can be done.



Ashley Ashwood

"At least let the dog see the rabbit," says Mr. Robert Atkinson, chairman of British Shipbuilders."

HOW THE NEW BRITISH SHIPBUILDERS LOOKS*

(1979-80)

	Profit/ (loss) £m	Sales £m	Orders £m	Assets £m	Work-force (000)
Naval	45*	370	1,734‡	43	19.9
Merchant, including engines	(145)*	420	542	114	38.8
Gen. engineering	(4)†	85	N.A.	7	7.9
Ship repair	(10)†	63	N.A.	58	4.6
Offshore§	(0.3)*	2	N.A.	N.A.	0.15

* Pre-tax profit loss
† Trading loss
‡ Naval orders are shared with mixed yards
§ Basically Vickers Offshore. Does not include Scott Lithgow's Offshore Work

Source: Approximate figures based on published information and FT estimates

EXPORT ORDERS (1st Q. 1980)
'000 C.grt*

Finland	64
Spain	45
Netherlands	39
UK	23
Denmark	10
Total Europe	119
Japan	1,376
Total	1,567

* Compensated gross registered tonnes.

Source: OECD

Letters to the Editor

A deterrent to employment

From Mr. J. Patten MP

Sir,—Your industrial editor's excellent piece on Government industrial policy (August 1), manages to steer clear of the pre-occupation of many commentators with "U-turn spotting." While such labelling of any alteration in policy is a fair tactic by the Opposition, it far from represents reality so far.

Thus, when Government does feel able to move to improve firms' cash flow problems by abating or abolishing employers' national insurance surcharge, as I hope it will, that would certainly be no U-turn. Everything that Sir Geoffrey Howe, Mr. John Nott and others *said against this iniquitous* surcharge on companies remains as true now as when in Opposition. It does deter employment, it does grievously affect liquidity. If it was correct for Conservatives in opposition to attack its introduction in 1976 and its increase in 1978, then it would be certainly no U-turn for Conservatives to reduce or remove it now.

To do so would be the best immediate generalised relief the Government could introduce as the recession deepens; applied variably, if thought expedient, it could be a powerful tool of regional policy for those areas with the highest unemployment rates.

John Patten.

House of Commons, SW1.

Cuts in social security

From the Director Child Poverty Action Group.

Sir,—I read with considerable alarm your report (July 31) that the Government is considering further cuts in social security benefits. In a speech at the end of last year the Chancellor stated that "we should all wish to protect the living standards of those who are really in need at any time, when, regretfully, the nation's living standards are falling overall . . . but if it is to be done, then the rest of us would necessarily have to shoulder more than our share of the sacrifices needed." In a recent memorandum to the Chancellor this group demonstrated the extent to which the Chancellor's actions have failed to match his words.

The cuts in the real value of a number of contributory social security benefits which will take take effect this November will mean a weekly loss of £2.80 for a two child family on unemployment benefit and £3.25 for a family on invalidity benefit. The Government already has the power to repeat this cut for two further years in addition to which the earnings-related supplement paid for the first six months of unemployment, sickness, maternity or widowhood will be abolished in 1982. At the same time, on the Government's own calculations over 1.7m supplementary benefit claimants will be worse off this November than they would otherwise have been as a result of new supplementary benefits legislation (as against about 500,000 who will be better off) and families with children on supplementary benefit will suffer from cutbacks in the provision of clothing grants.

It is difficult to see what sacrifices the better off have been making as a contribution to the protection of the living standards of the poor. Higher paid taxpayers have received a disproportionate share of the resources distributed in direct tax cuts in the last two Budgets, yet little has emerged so far from the review of tax-free "perks" promised after the 1979 Budget. Nor has the Government shown the same concern about the growth in "tax expenditure" as about the growth in social security expenditure.

The Treasury should be reviewing its expenditure on tax reliefs and allowances before calling on the Department of Health and Social Security to make further cuts. For instance, if all tax allowances were allowed only at the standard rate of tax, it would save about £230m in 1980-1981 which is more than is being saved by the "abatement" in social security benefits. If sacrifices are to be made again next year, let them be made by those who can afford them.

Ruth Lister.

1, Macklin Street, Drury Lane, WC2.

Energy policy for the EEC

From Mr. H. Dykes MP

Sir,—In his interesting and arresting feature on oil policy for Europe (July 26) I notice that Ian Davidson did not go into the obvious attractions of establishing an oil import levy in the Community, to provide additional funds for an enlarged Community Budget.

As the sole oil power in the Community the UK would be a net beneficiary "at a stroke" from such a system. We would pay little levy in comparison with the other big three member states and this would *offset some of our heavier payment* into the farm budget.

I hope that the Dafter-Davidson initiative, spurred on by the obvious interest that these proposals will have attracted, will seriously consider the oil levy idea as part and parcel of an overall future oil and energy policy for the EEC.

Hugh Dykes.

(Chairman of the Conservative Group for Europe),

House of Commons, SW1.

Funding out of revenue

From Mr. M. Corby.

Sir,—The problems of investment by Post Office Telecommunications were highlighted in your article of August 1.

What is not widely appreciated, however, is that Post Office Telecommunications has been under-investing for years, and the investment of £1.5bn in 1980-81 will do no more than *keep pace with inflation.*

The main reason for the decline of Post Office investment has been the insistence of successive Governments from 1975 that it should fund virtually all investment out of revenue. In 1979 loans represented only 27 per cent of assets (valued at replacement cost). During the period 1976-79 the self-financing ratio was over 80 per cent, and in two years it was actually over 100 per cent. Thus the cost of capital programmes which will have long-run pay-offs is having to be met by short-run finance, and by reductions in service.

Criticism may be levelled at the staff over pay and productivity levels. The reality is, however, that productivity will only be improved by modernising the network. The deferment of modernisation inevitably produces inefficiency by increasing maintenance requirements. What is needed is for Government to recognise that investment is the key to improved service and higher productivity, and that restricting investment in telecommunications merely exacerbates the problems for customers, management, and workforce alike.

Michael Corby.

Telecommunications Users' Association,
Tress House,
3-7, Stamford Street, SE1.

Own-share buying

From Mr. I. Fraser

Sir,—The decision by the Secretary of State for Trade to open up the debate on changing the law to permit companies to buy their own shares is refreshing. The existing 100-year-old ban is a legal cobweb and *should be swept away.*

Conventional arguments supporting the present rules fall mainly into two categories. One is that creditors of companies generally, including parties who trade with them, have the right to expect that the shareholders of the companies in question cannot withdraw their funds before their own rights as creditors are fully protected. The second is some vague fear that directors might cause their companies to "traffic" in their companies' shares to the disadvantage of the general body of shareholders. Neither argument stands up today.

We can learn a good deal by studying how other countries do it. In the U.S., for instance, creditors have no rights (except those they may have negotiated for themselves in loan contracts) if companies apply reserves which derive from retained profits in buying back a part of their capital. In the UK companies are free to pay out reserves as dividends without regard to any statutory rights of creditors. So where is the difference?

As far as "trafficking" is concerned, the problem is one of market regulation where we have come a long way since 1887. In 1887 the Council of The Stock Exchange, the Takeover Panel, and the Council for the Securities Industry did not exist and their existence could not be foreshadowed. In my view, that of a former Director-General of the Panel, there is no problem on this count. In the U.S. companies seeking to buy their own shares through the market are required to give notice of their intention and to adhere to certain simple rules. The same could easily apply here.

By contrast with Mr. John Nott's initiative, the commentary of Professor L. C. B. Gower published in the same Green Paper (but with a disclaimer that he represents the official view) is disappointing. Professor Gower opines that there are few advantages in public companies having the repurchase right and that anyway the same result can be obtained by existing mechanisms such as capital reduction.

I find this view extraordinary. It is not correct, as Professor *Gower alleges,* to say that such a scheme is "a relatively simple and inexpensive operation." Capital reduction schemes by their nature give immediate rights to creditors, who can object to the court against the proposed reduction. It is not sufficient to say that creditors can be dealt with by bank guarantees. No bank will give a guarantee of a 25-year debenture or a 10-year dollar bond issue and indeed the terms of many of these instru*ments will give the creditors* immediate negotiating power in the event of a capital reduction being proposed. No company can justify paying off an old debenture with a low coupon at its face value or of accelerating the maturity of its debt under the circumstances. Further, the act of capital reduction by court scheme is one which is heavily burdened with psychological and public relations disadvantages.

Professor Gower lists a few minor *advantages* of a change in the law in regard to private companies but disregards or dismisses the main benefits which would be in the public company area. These are that (i) where companies have accumulated surplus cash from asset sales they can most easily return the surplus risk capital to the market by way of share repurchase (ii) the knowledge that they can do this (and the public pressures arising therefrom) will encourage boards to dispose of unwanted businesses to those who can manage them better (iii) cash-rich companies *can increase their debt equity* ratio and at the same time exert buying pressure on their share price which has the double effect of increasing capital efficiency and lowering the cost of their risk capital and (iv) the long-term effect of the change in the law must be to exert an upward pressure on share prices and to reduce the cost of risk capital generally.

A recent example in the United States is that of Ashland Oil which sold off some of its producing assets and used the cash proceeds to retire a significant amount of common stock by a tendering process. In this way it "demerged," increased its capital efficiently and substantially enhanced the market value of its remaining outstanding shares. Clearly, as Mr. Nott's paper points out, for company law change to be effective, there must be a simultaneous amendment in tax law so that a share repurchase is not taxed as a distribution at either company or shareholder level.

It may well be that in 1980 there is no great surfeit of cash-rich companies who would take immediate advantage of a change in the law. But Companies Act amendments tend to be few and far between and this amendment would be a useful addition to the range of financing tactics available to corporate treasurers for the future.

I. J. Fraser.

21, Moorfields, EC2.

Today's Events

GENERAL

UK: National Economic Development Council meets to resume consideration of macro-economic policy with particular reference to industrial investment and North Sea oil.

National Graphical Association Council meets to review its position over the Observer dispute.

A 75-hour vigil begins outside RAF base, Greenham Common, in remembrance of dead of Hiroshima and Nagasaki, and against nuclear escalation.

International Dressage Festival opens, Goodwood (until August 10).

Overseas: Day of national mourning in Italy for victims of Bologna station bomb blast.

PARLIAMENTARY BUSINESS

House of Commons: Lords amendments to Housing Bill. Horticulture and Agriculture Grant Orders. Capital Grant (Variation) Orders. EEC documents on fisheries. Tenants' Rights (Scotland) Bill, Lords' amendments. Health Services Bill, Lords' amendments. British Aerospace (Borrowing Powers) (Increase of Limit) Order. Financial Limits (National Enterprise Board and Secretary of State) Order. Highways Bill, remaining stages. Opposed private business after 7 pm.

House of Lords: Local Government, Planning and Land (No. 2) Bill, second reading. Coal Industry Bill, third reading. Housing Bill, consideration of *Commons* message. Various motions for approval.

OFFICIAL STATISTICS

Department of Energy publishes advance energy statistics for June.

COMPANY MEETINGS

British Tar Products, Cafe Royal, 68 Regent Street, W. 12. Fuller Smith and Turner, Griffith Brewery, Chiswick, W, 11. Heywood Williams, George Hotel, St. George's Square, Huddersfield, Yorkshire, 11.30. Mountview Estates, Russell Hotel, Russell Square, WC, 12. Powell Duffryn, Dorchester Hotel, Park Lane, W.12. Regalian Properties, Cumberland Hotel, Marble Arch, W, 3. Warnford Investments, Chartered Insurance Institute, 20 Aldermanbury, EC, 3.

Taylor Woodrow improves £0.5m

FOR THE first half of 1980, taxable profits of Taylor Woodrow, the international engineering, construction and development group, improved from £7.66m to £8.16m on turnover £43m higher at £239m.

In June at the annual meeting, Mr. R. G. Puttick, the chairman, reported that profits for the first four months of the year were running around the same level as those for the corresponding period of 1979.

The chairman points out that much of the group's business comprises long-term contracts and projects and he stresses that results should be judged over several years rather than a short period.

The net interim dividend is held at 3.15p per 25p share—last year's total was 13.307p on taxable profits of £24.57m.

Trading and investment income for the first six months climbed from £10.83m to £12.73m. Depreciation took £5.47m (£4.21m) while share of associates' profits slipped from £1.04m to £0.91m.

Tax increased from £3.94m to £4.32m and after minorities, available profits showed an improvement from £3.4m to £3.56m. The interim dividend again absorbs £926,000.

Lex, Back Page

W E Norton loss: no final dividend

HIGH interest rates and inflation have hit W. E. Norton (Holdings), the machine tool group with the directors reporting a pre-tax loss of £246,841 for the year ended March 31, 1980, compared with a £749,322 profit in the previous year.

No final dividend is being recommended leaving the 0.4p interim as the only payment for the year—the previous total of 0.8154p included a 0.4166p final. Loss per share is stated as 1.36p against 3.6p earnings.

At midway, the group had reported a turnround from profits of £231,000 to a £65,000 loss but the directors were expecting a better second six months.

	Year 1979-80 £	1978-79 £
Turnover	17,381,386	15,549,908
Profit	238,267	1,032,034
Interest payable	341,239	191,738
Depreciation	194,533	150,374
Loss	246,841	*749,322
Tax	39,408	29,982
Net loss	286,249	*719,340
Extraordy. credit	56,000	‡16,526
Dividends	34,240	168,190
Loss retained	214,489	*534,624

* Profit ‡ Debit.

● comment

If the contribution from acquisitions is excluded, W. E. Norton lost £321,000 last year to turn down by around £1m. The group claims that it was breaking even before the cost of U.S. setting up costs, currency variations and "precautionary" stock write-downs but its performance sits somewhat oddly with the 25 per cent pre-tax growth at B. Elliott's UK machine tool merchanting division which reported over the same period. The explanation may be that Norton has been slow to exploit the market for NC and CNC machines and has thus been largely excluded from the only buoyant section of the industry. Numerically controlled equipment, as opposed to standard machines, probably accounts for 15 per cent of sales at present and Norton is determined to accelerate this contribution. Yet it has been difficult to turn the supply tap off quickly, particularly where the group holds sole agencies, and stocks have swollen from £4.2m to over £5m and debt servicing costs have consequently risen 77 per cent. The shares shed 2p yesterday at 10p where the market capitalisation is £2.1m. Norton remains confident that it can increase its exposure to the later generations of machine tools but the overall market remains flat and the cost of stock write-offs thus far has been heavy. It may be too early to consider buying for recovery.

Wagon Inds. over £4.8m

A SECOND HALF advance of £531,000 to £2.83m has resulted in Wagon Industrial Holdings, engineering holding company, reporting pre-tax profits up from £4.22m to £4.84m for the year to March 31, 1980. Turnover improved by £8.63m to £50.36m.

After tax up from £1.14m to £1.48m and an extraordinary credit of £256,000 (nil), attributable profit is higher at £3.61m (£3.08m). Stated earnings per 25p share are up from 32.2p to 33.96p and the final dividend is raised from 5.221p to 6p for a total of 10p (8.721p)—a final of not less than 5.765p was forecast.

A one-for-one scrip issue is also proposed.

● comment

A best-ever final quarter helped push Wagon Industrial to a 14.6 per cent increase in pre-tax profits despite a slightly disappointing first nine months to the year. The reason for such a strong spurt between January and March was, paradoxically, the steel strike. Orders flooded in for anything with a significant steel content against fears of later shortages. WIH's Link 51 steel furniture and processing subsidiary did particularly well as did most of the group's traditional businesses. Since the beginning of April, however, the bottom has dropped out of the market and the current year has started badly. Although earnings from WIH's new French acquisition, Vinco, will be consolidated from September and the company hopes for some recovery in the second half, it is unlikely to match either profits or volume this year. The balance sheet is very strong following the sale of Wagon Repairs in October and a revaluation of properties. As 173p the shares yield 8.5 per cent and the fully-taxed p/e is just under 7.

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FMC up to £2.54m and hopes for better

ALTHOUGH pre-tax profits of FMC, the meat group, showed only a modest increase from £2.51m to £2.54m for the year to April 26, 1980, the board says this reflects a real improvement in performance, since the two previous years' results were achieved with temporary employment subsidy and a signficant profit on property sales.

Mr. D. H. Darbishire, the chairman, says however that the profit level cannot be considered adequate and the board is giving further consideration to measures enabling the group to respond more effectively to market conditions.

There has been some improvement in part of the by-products business and in demand for fresh meat, but the poor summer and depressed holiday trade has hit the market for bacon and manufactured meat products. Although the meat division and bacon factories are trading profitably, he cannot be optimistic in the short term.

However, he says the group can look forward to substantially better results in the longer term.

Turnover of the group, a subsidiary of NFU Development Trust, edged up over the year to £540.78m (£533.9m) including sales of £70.3m (£78.59m) within the group. Trading profit was £5.04m (£5.08m).

● comment

FMC makes the point, with not a little justification, that its profitability remains far too low. Shareholders might also add that the dividend has not been raised since 1977. The group's response to a 7.2 per cent return on total assets is to push harder in the processed meat market and to promote its ham, bacon and cooked joints business but debt reduction will also play an important role in boosting distributable profits. Largely as a result of taking on a further £2m of term loans, overdrafts have been cut from £9.4m to £7.2m and capital spending will probably be held at around £3m, including the later stages of the new Perth Abbattoir which will be commissioned next April. Rationalisation of the abbattoir network is probably drawing to a close but its benefits should be felt this year to brighten what is otherwise a very dull trading picture. The important Harris division is down so far and a business which is normally depressed at this time of the year, is further hampered by the poor summer. The contribution from the so-called fifth quarter has been stymied by very low hide prices but it is worth noting that conditions in both areas change with increasing rapidity and forecastng is thus more than usually difficult. The most that can be said for the moment, perhaps, is that a yield of 14.8 per cent offers some kind of support.

Cowan de Groot advances

FOLLOWING THE midway rise from £1.07m to £1.28m, pre-tax profits of Cowan, de Groot reached £2.57m for the year ended April 30, 1980, compared with £2.2m, on turnover up £5.18m to £44.1m.

Reflecting an increased tax charge of £414,000 (£68,000), partly due to a provision of £250,000 for deferred tax written back in 1979, earnings per 10p share slipped from 14.6p to 14.4p. However, the dividend—on increased capital, is effectively lifted 28 per cent from 2.727p to 3.5p net, with a final of 2.5p.

Net tangible assets climbed from 63.1p to 73.3p per share.

● comment

Cowan de Groot produces another year of growth. Profits are more or less in line with market expectations and the shares firmed 2p to 71p where the p/e is 4.8 and the yield 7.3 per cent. Cowan tends to be regarded as a toy stock but toys now only account for 30 per cent of profits and the group has certainly side-stepped the traumas of the sector. Importing is its main activity and undoubtedly the strength of sterling has helped the figures along. The electrical side is now dominant and within that the Irish operation stands out. From nothing it has come up to 40 per cent of the division's profits in a few years and its strong trading performance—geared to industrial contract work—is in sharp contrast to its UK contemporaries. Cowan has spun a sizeable web of small companies which run autonomously. A very small toy company is about to be added but Cowan is still looking for a sizeable acquisition. The recession should in theory take its toll but somehow Cowan will probably squeeze out a profits rise though the shares may be vulnerable to some profit-taking.

Rentokil above £6m at midway

On turnover up from £33.77m to £40.22m, pretax profits of Rentokil Group, timber preservation and pest control concern, improved to £6.6m for the six months to June 30, 1980, compared with £5.81m and the board expects profits for the full year to be well up on the £13m for 1979, save only for the effects of any further significant rise in sterling.

The interim dividend is increased to 0.95p (0.85p) net per 10p share—last year's final was 1.4p—after first-half tax of £3m (£2.75m) net profit was £3.59m against £3.06m.

The directors say the year started well, but profits were harder to earn in the second quarter due to cost inflation and lower orders from the public sector for the group's building services.

Marketing emphasis has been adapted to increase sales, particularly in the private sector, and some manning levels have been adjusted to meet the changed demand. The contract services side continues to produce good results, they add.

The group has increased its investment in the U.S. with the purchase, for $920,000 cash, of Commonwealth Exterminating Company, pest control contractor in Pennsylania and Ohio.

Rentokil is a subsidiary of Sophus Berendsen, of Denmark.

● comment

The pursuit of pests continues to be Rentokil's most lucrative business, with contract work at home and abroad being the main impetus behind the group's 13.5 per cent pre-tax rise. Overseas earnings, now totalling a third of group profits, were up 15.3 per cent in the first six months, a rise lowered by around £100,000 because of exchange translation. In the UK, public spending cuts have hit the building services division, but the damage by year-end should not be too serious. Rentokil's balance sheet is healthy; the overall business generates plenty of cash and borrowings are negligible. The group's expansion prospects are mainly outside the UK and the news of another U.S. acquisition suggests the company is viewing North America with increasing interest. At 159p, the prospective p/e comes to 21.5 on a full tax charge, assuming pre-tax profits of £14.5m. A 15 per cent increase of the total dividend would produce a yield of 2.3 per cent, which may seem small, but is reflective of the emphasis on growth at Rentokil.

Rotaprint well behind

A SECOND-HALF slump from £410,000 to £46,000 has left the taxable surplus of Rotaprint, printing and duplication equipment maker, well behind at £174,000 for the March 29, 1980 year, compared with £525,000. And the final dividend has been omitted leaving the total at 1.1205p net per 20p share, against 2.9324p.

Earnings per share are shown as 1.96p (8.77p).

With the support of its bankers, the company has formulated rationalisation plans to provide additional working capital and maintain liquid funds.

The plans include the cessation of manufacture at Washington Tyne and Wear and the sale of the company's freehold properties, and the lease-back of those properties necessary for continuing operations.

In their report the auditors will state, the directors say, that the financial statements have been drawn up on a basis which assumes the successful implementation of the reorganisation and, subject to this, the financial statements give a true and fair view of the state of the affairs of the group.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Acorn Securities ... int.	12.6	Nov. 3	10.5	12.6	10.5
Centreway	6	Oct. 9	6.63*	10	10*
Cowan, de Groot	2.5	—	2*	3.5	2.73*
Davies & Metcalfe ...int.	0.45	Oct. 6	0.45	—	1.34
FMC	6	—	6	6	6
Hillards	3	Oct. 8	2.5†	4.25	3.5*
W. E. Norton	nil	—	0.42	0.4	0.81
Rentokil ...int.	0.95	Nov. 7	0.85	—	2.25
Rotaprint	nil	—	1.81	1.12	2.93
Smith Whitworth	nil	—	0.3	nil	0.3
Taylor Woodrow ...int.	3.15	Oct. 1	3.15	—	13.31
Unitech	3.99†	Oct. 1	3.33	6.09	5
Wagon Ind. Hldgs.	6	Oct. 3	5.22	10	8.72

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

BIDS AND DEALS

Turner & Newall £7.6m Canadian sale

Turner and Newall, the industrial group, is continuing its programme of assets sales with the planned disposal of its remaining Canadian asbestos interests for $20.6m (£7.6m).

Turner and Newall announced yesterday that it was in the final stages of negotiating an agreement with Brinco, a Newfoundland based exploration and development concern, whereby it would obtain an option to acquire T and N's 23.4 per cent interest in Cassiar Resources which owns the Cassiar asbestos mine in British Columbia.

T and N said that Brinco was at a similar stage in its talks with the other major shareholders in Cassiar.

In May T and N announced the sale, to a Quebec government agency, of its main Canadian asbestos interests for £13.2m. The proceeds from this sale were to be used to offset group borrowings which at the end of last year totalled £125m.

Canada had been one of T and N's main sources of asbestos but since the solution of the political problem in Zimbabwe the group is once again receiving supplies from its mine there as well as from Swaziland.

T and N has been investing heavily in new plant and reconstruction of existing plant in the UK and, excluding Zimbabwe where its expansion is likely to be self financing, needs £30m to meet capital investment commitments for this year.

S. PEARSON & SON

Lord Gibson, chairman of S. Pearson and Son, the financial and industrial concern, has sent a letter to shareholders giving full details of recent developments in the group.

It says the decision for the oil subsidiary, Whitehall Petroleum, to take a 25 per cent interest in an Esso-led consortium to bid for a licence in the English Channel is made against "a very significant record in, but no present material commitment to, oil exploration and production."

The group retains a small investment in Block 43/8 in the North Sea, where a shut-in gas well is expected to become commercially viable.

Lord Gibson says Whitehall has also decided to extend its North Sea exploration by taking a 10 per cent interest in another consortium led by a major oil company. Application for Seventh-Round licences are to be lodged soon, but the outcome is unlikely to be known for some months.

It is proposed to increase the group's authorised capital to £21m by the creation of a further 9,996,000 25p shares. The move is designed to restore an appropriate margin (13.9 per cent) to create flexibility for financing any further acquisitions. An extraordinary meeting is to be held at Millbank Tower, SW, on August 28 at 11 am.

BROOKE BOND

Brooke Bond Liebig, the tea, coffee and meat distribution group, has further increased its holding in Mallinson-Denny, the timber concern, following the rapid purchase of a 20 per cent stake in a "dawn raid" two weeks ago.

Through de Zoete and Bevan, stockbrokers, the group bought 2.51m shares, including a large proportion of Mallinton "new" shares resulting from its recent rights issue. This was taken up by holders to the extent of 91.4 per cent. The purchase represented a 3.36 per cent stake and took Brooke Bond's total holding up to 28.36 per cent—it already held 4.99 per cent of the company prior to its "dawn raid."

CELTIC HAVEN

The Board of Celtic Haven, marine engineer and steel fabricator, announces that Upper Winsle and Hasguard Hall Farms, Little Haven, Dyfed, have been sold by auction and completion took place on July 31. After the payment of costs £604,000 was realised.

SPAIN

August 5	Price %	+ or −
Banco Bilbao	226	−2
Banco Central	248	
Banco Exterior	210	
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	138	
Banco Vizcaya	236	
Banco Zaragoza	211	
Dragados	90	+5
Espanola Zinc	63	
Fecsa	62	+1
Gal. Preciados	24	
Hidrola	67	+1.3
Iberduero	61	
Petroleos	115	−2
Petroliber	87	
Sogefisa	107	
Telefonica	65.5	+1.5
Union Elect.	67.5	+1.3

BOARD MEETINGS

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Aaronson Brothers, Aquis Securities, Ault and Wiborg, J. Bibby, British Aluminium, Glynwed, Hoover, R. Smallshaw (Knitwear), Tube Investments, Vereeniging Refractories, Vogelstruisbult Metal.

Finals:—Benn Brothers, City of London Brewery and Investment Trust, Garford-Lilley Industries, Smith Bros., Waring and Gillow.

FUTURE DATES

Interims:—	
Blagden and Noakes	Aug. 18
Dewhurst Dent	Aug. 8
Highcroft Investment Trust	Sept. 11
Lovell (G. F.)	Aug. 19
Securicor	Aug. 13
Security Services	Aug. 13
Sharpe (W. N.)	Aug. 18
Stone-Platt Industries	Aug. 21
Finals:—	
Abwood Machine Tools	Aug. 12
Glossop (W. and J.)	Aug. 12
Hales Properties	Aug. 8
Newmark (Louis)	Aug. 14
Norton and Wright	Aug. 8
Pifco	Aug. 15
Restmor	Aug. 19

● NEWS ANALYSIS—BTR-HUYCK

A high price but ample rewards

BY JOHN MAKINSON

BTR has always been prepared to pay fancy prices for its U.S. acquisitions; so the terms of its bid for Huyck Corporation, the North Carolina paper clothing business, should not raise too many eyebrows.

The British company is offering $25.125 per share for a group which New York analysts expect to produce earnings of around $1.75 this year. The price-tag of $81m is more than double the group's book worth and around 13 per cent more than the earlier offer from Wheelabrator-Frye, which BTR has effectively trumped.

BTR's acquisitive chief executive, Mr. Owen Green, has a battery of argument to counter claims that his company is paying too much. He says that Huyck's impressive cash flow will enable BTR to recover its investment "well within 10 years."

According to Mr. Green, the Huyck balance sheet undervalues the assets and a revaluation could boost its worth by over a half.

Certainly Mr. Green has history on his side. Over the past four years, BTR has bought several U.S. companies, notably SW Industries and Worcester Controls, on high ratings but their profits growth has amply justified the price paid. Mr. Green estimates that his U.S. companies produce a return on sales of about 17 per cent, compared with only 10 per cent in the UK.

If the deal goes through, BTR will have moved a step closer to its goal of deriving one-third of its earnings from North and South America, with the balance split evenly between Europe and the rest of the world. Modest profits growth from Huyck would bring America's contribution up to around 30 per cent.

The speed with which BTR responded to the Wheelabrator-Frye offer shows that Huyck (pronounced Hike) had been on the UK company's shopping-list for some time. It was one of half-a-dozen U.S. companies which BTR had been eyeing but, until recently, Mr. Green had not thought a bid practicable.

Only a few months ago Huyck might well have turned up its nose at a BTR offer but a Miami financier named Victor Posner soon changed its stance. Mr. Posner had been accumulating a stake in Huyck and the company was clearly apprehensive that a full bid was in the offing. As one New York analyst put it: "Huyck thought anything was better than being a hand-maiden of Mr. Posner's group." It was therefore amenable to the Wheelabrator-Frye offer and its board rapidly approved the higher BTR bid.

Huyck would fit in neatly with BTR's strategy of establishing significant niches in a wide spread of markets. The company sells highly engineered belts of fabric and felts, overwhelmingly to the paper industry. In the early 1970's it was regarded as a premier growth stock but the recession of the mid-1970's tarnished its image and only recently has the company started to re-establish its premium rating.

The Huyck move has cast a shadow over BTR's intentions regarding Bestobell, the UK company for which it made an abortive bid last year. Takeover panel rules would permit the group to resuscitate its offer this month but the Bestobell share price has shot ahead recently and Mr. Green alludes darkly to the problems of conducting bids on two fronts simultaneously.

BTR may have shelved its plans for Bestobell, but they are probably not forgotten. The company retains an interest of around a quarter in Bestobell's capital and is not in the habit of holding "investment stakes" over the long term. The sale of the Bestobell holding would have considerably reduced BTR's gearing (net debt to net worth), which is expected to rise from about 20 per cent in the last balance sheet to about 60 per cent if the deal Huyck goes through.

The proposed acquisition would be financed by short-term borrowings in dollars, split about evenly through domestic and eurocurrency funds. At current interest rates, this would cost BTR about £5.7m a year but this should be covered by Huyck's earnings contribution.

Component marketing upsurge helps Unitech over £5m mark

A JUMP in profits from component marketing to over £2m helped to lift the pre-tax surplus of Unitech from £3.56m to £5.26m in the year to May 31, 1980. In April, at the time of the rights issue, it was expected that the full-year figure would be at least £4.8m, an increase of 35 per cent.

At halfway, the electronics group reported profits of £1.99m against £1.41m.

Total sales were £71.81m (£45.86m). Trading profit was up to £6.31m (£4.68m), but interest was also up at £1.04m (£0.52m).

Taxation took £2.63m (£1.5m). After minorities and deduction of pre-acquisition profit the attributable balance is £2.51m (£2.27m).

As forecast, the final dividend is lifted to 3.99p (3.33p), making a total of 6.09p (5p) net on increased capital. Stated earnings per 10p share are 14.9p (14.2p).

● **comment**

Stripping out a first-time 12-month contribution from Comatel (£400,000) and two months from Enatechnik (£200,000), Unitech's pre-tax rise comes down to 31 per cent from an apparent 48 per cent. The shares, at 322p, cntinue to trade on a rather expectant multiple of 21.3 times reported earnings and the yield is 2.7 per cent. Had it not been for the Comatel profit contribution, the group's component manufacturing income would have been static at around £800,000, partly because of a small loss suffered in the television component division. But the group's progress continues to be aided by acquisitions, new franchises and the 10 to 15 per cent underlying world volume expansion in electronic components. Although this growth is now slowing slightly, Unitech should be able to carry on with a moderate improvement in the current year, helping to justify the shares' high rating.

Hillards behind as opening costs bite

WITH second half pre-tax profits falling from £1.36m to £895,000, Hillards, the north of England supermarket operator, reports a drop from £2.54m to £2.23m for the full year to April 26, 1980.

Mr. Gordon Hunter, the chairman, says profit for the year was affected by the opening costs of new stores

Due to capital investment and increased level of stocks, there was a tax credit of £495,000 (£966,000 debit) giving considerably increased earnings per share

● **comment**

On the face of it, Hillards has reported a disastrous second half. Adjusting for the Capital Discount adventure, trading margins have collapsed from 3.4 to 1.6 per cent. Much of the downturn is attributable to start-up costs on new stores and the reorganisation of the non-food side but Hillards is distinctly reticent about quoting figures on this. Even allowing for these non-recurring items and the fact that recently opened super-stores can barely be making a contribution, the picture looks grim. Hillards has obviously been a victim of the High Street price war, with pressure coming from ASDA in particular, and margins are unlikey to make much of a recovery in the current year. The company's emphasis on large stores is clearly sound and it has a high proportion of freehold properties but, even after a 6p fall to 141p yesterday, the p/e on fully-taxed earnings is over 15, which is asking a great deal. A property revaluation might produce net assets of around £2 per share, so there is a possibility of an attractive bid, but the yield of 4.3 per cent provides little comfort for the patient.

Hambro Trust

REVENUE available to ordinary shareholders of Hambro Trust advanced to £529,000 in the year ended June 30, 1980 compared with £339,000 in the previous 12 months.

The increase mainly reflects a rise from £1.76m to £1.79m in the share of profit after investment gains and extraordinary items of Hambros Limited and another associated company.

Stated earnings per share before investment gains and extraordinary items are 9.67p against 6.93p and 11.89p (11.63p) after investment gains but before extraordinary items.

Vehicle trading soars but Centreway dips by 11½%

INCLUDING, for the first time, a full year's trading from its vehicle distribution companies, Centreway, the Birmingham investment holding company, reports group sales up from £10.75m to £28.04m, but pre-tax profits fell by 11½ per cent from £1.56m to £1.38m in the year to March 31, 1980.

Sales from motor distribution were up from £963,000 to £8.17m, but showed a loss of £62,000 (£6,000 profit), and truck distribution sales amounted to £9.06m (£276,000) with a profit of £95,000 (nil).

Operating profit for the year was up from £1.53m to £1.67m, but interest charged was £293,852 against a credit of £33,436 last time. Tax was down, however, from £635,078 to £293,852, and there was an extraordinary debit of £100,000 representing a provision for closure costs of a subsidiary.

The final dividend is down from an adjusted 6.629p to 6p for an unchanged 10p. Stated earnings per 50p share are up from 48.3p to 57.4p gross, and 36.2p (33p) net.

Profit retained for the year comes out at £734,037 compared with £672,520.

EUROPEAN OPTIONS EXCHANGE

Series		Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	Mar. Vol.	Mar. Last	Stock
GM C	$50	2	5½	—	—	—	—	$52⅛
SEAR C	$20	5	⅝	—	—	—	—	$18¾
		Oct.		Jan.		April		
ABN C	F.300	4	13.50	—	—	—	—	F.312.50
ABN C	F.320	7	3.50	—	—	—	—	"
AKZO C	F.25	18	0.50	17	1	—	—	F.23.50
AKZO C	F.27.50	18	0.20	—	—	—	—	"
AKZO P	F.25	25	1.70	—	—	—	—	"
HEIN C	F.60	3	4	—	—	—	—	F.62.70
HEIN C	F.65	—	—	—	—	5	5.20	"
HEIN P	F.70	—	—	33	1	—	—	"
REN P	F.60	3	4.20	—	—	—	—	"
HOOG C	F.17.50	5	1	—	—	—	—	F.17.10
IBM C	$70	20	1¼	—	—	—	—	$65
KLM C	F.60	50	9	5	10.20	—	—	F.68.90
KLM C	F.70	25	3.20	3	4.20A	1	5	"
KLM C	F.80	48	1	—	—	—	—	"
KLM P	F.60	97	1.90	10	3.20B	—	—	"
KLM P	F.70	26	6.70	13	8.20	—	—	"
KLM P	F.80	5	14.50A	—	—	—	—	"
NAT C	F.104.50	5	12.50	—	—	—	—	F.117.60
NATN C	F.110	3	7.80	3	8.50	—	—	"
PHIL C	F.17.50	73	1.70	11	2.30	—	—	F.19.20
PHIL C	F.20	20	0.50	—	—	3	1.20	"
PHIL P	F.17.50	—	—	1	0.60	—	—	"
PHIL P	F.20	30	1.40	—	—	2	2.20	"
OLIE C	F.140	5	27	—	—	—	—	F.167.50
OLIE C	F.150	205	17.70B	—	—	—	—	"
OLIE C	F.160	120	9	4	10	—	—	"
OLIE C	F.170	172	3.50	47	5.90	—	—	"
OLIE C	F.180	124	1.40	17	2.60	—	—	"
OLIE P	F.150	28	0.70	—	—	—	—	"
OLIE P	F.160	3	3.10	20	4	—	—	"
OLIE P	F.170	58	9.30A	16	9.70	—	—	"
UNIL C	F.115	30	6.80B	—	—	—	—	F.120
UNIL C	F.120	5	4	—	—	—	—	"
UNIL C	F.130	—	—	1	1	—	—	"
UNIL P	F.110	—	—	2	1.30	—	—	"
UNIL P	F.115	4	1	—	—	—	—	"
		Aug.		Nov.		Feb.		
BOEI C	$40	10	⅝	—	—	—	—	$38¼
SLUM C	$120	7	9½	—	—	—	—	$128⅝

TOTAL VOLUME IN CONTRACTS 1476

C=Call P=Put

First-half fall at Davies & Metcalfe

With the aftermath of the engineering strike and the high cost of bank borrowings affecting results, taxable surplus of Davies and Metcalfe, mechanical and electrical engineer, was well down at £91,894 for the first half of 1980, compared with £223,886.

Profit for the whole of 1979 finished at £80,752 (£474,248) after a second half loss of £143,134.

Sales for the six months of the current year rose slightly from £3.68m to £3.81m; order books have been maintained at a satisfactory level, the directors state.

The interim dividend is unchanged at 0.45p net per 10p share—last year's final payment was 0.89p.

After tax of £47,785 compared with £116,421, net profit emerged at £44,109 against £107,465.

ROCK DARHAM

The report yesterday on the half year figures of Rock Darham may have given an exaggerated view of the setback to profits. Figures for the first half of 1980 showed profits of £172,219 against £260,016 for the previous nine months. Adjusting the latter figure down to six months shows a setback of £1,124. Earnings per share on the same basis are virtually unchanged at 2.47p per share.

UK NEWS

'Provide more facts on pension schemes'

BY ERIC SHORT

MORE INFORMATION should be given to employees about company pension schemes, says the National Association of Pension Funds.

The association has adopted this theme as policy and says there should be more uniformity in providing information.

It feels this objective can be reached by a code of practice rather than legislation.

A guide to pension fund administrators saying what pension scheme information should be provided to members was published yesterday by the association.

In its code, the association has taken into account the fact that pension scheme structures differ; that they must comply with legislation; and that companies have varying channels of communication with their workforces.

The code lists areas under which information should be given to employees. They range from joining the company, joining the pension scheme through periodic statements; and information on leaving.

Under each heading the code sets out statutory and Inland Revenue requirements, and information that it considers should be the minimum. Finally, it lists other information that could be provided.

The code says most members are interested in getting practical information on pension schemes as it affects them personally, rather than receiving detailed reports of accounts and actuarial valuations.

The association says its code is voluntary and there is no question of members having to abide by its recommendations.

Mr. Patrick Jenkins, Social Services Secretary, in a foreword, feels it ought to be possible to proceed by consent in such matters and adhere to an acceptable standard by persuasion, rather than by compulsion.

Code of Practice—Information to Members of Pension Schemes from The National Association of Pension Funds, Prudential House, Wellesley Road, Croydon CR0 2AD; price £1 to members and £1.50 to non-members.

Nature role for Porton

THE GOVERNMENT'S top-secret chemical warfare establishment at Porton Down has assumed a new, less sinister *importance as a nature* sanctuary.

As military volunteer "guinea pigs" take part in tests on the 1,000 acre range in Wiltshire they will be treading on rare plants like stinking heelebore, twayblade and the bird's nest orchid.

They can take comfort in the knowledge that deadly nightshade grows there in profusion—for atrophine, derived from this poisonous plant, is an antidote to nerve gas.

Porton was set up during World War One and because it has been a restricted area ever since has developed into a place of outstanding significance for nature conservation. It has been designated a grade 1 site by the Nature Conservancy Council.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	April Closing offer	Vol.	Equity close
BP	360	20	10	38	8	46	—	345p
BP	390	9	44	21	1	—	—	"
BP	430	3	20	—	—	—	—	"
Com. Union	160	6	1	10	—	14	—	146p
Cons. Gold	550	27	1	37	7	58	—	507p
Courtaulds	60	11	—	13	1	16	—	66p
GEC	460	46	—	68	4	88	—	476p
GEC	500	24	16	45	2	64	—	"
Grand Met.	160	8	1	16	3	21	—	155p
ICI	360	22	5	35	—	44	—	364p
Land Secs.	323	55	1	69	—	—	—	364p
Land Secs.	353	35	1	48	2	—	—	"
Land Secs.	390	16	1	30	—	44	—	"
Marks & Sp.	80	23	—	26	1	—	—	99p
Marks & Sp.	100	7	3	12	2	16	2	"
Shell	420	18	6	30	5	40	—	403p
Shell	460	8	2	18	—	26	—	"
Totals			112		36		2	
		August		November		February		
Imperial Gp.	80	2½	2	5½	1	9½	—	80p
Imperial Gp.	90	½	—	3	5	5	—	"
Lonrho	74	29	7	33	—	35	—	101p
Lonrho	84	19	11	23	—	26	—	"
Lonrho	94	9	5	16	2	21	—	"
Lonrho	104	3½	20	10½	52	16	10	"
Lonrho	114	1½	10	6½	20	12	5	"
P. & O.	120	6½	4	13½	16	15½	—	123p
Racal Elec.	260	20	20	39	—	51	—	274p
Racal Elec.	280	8	47	27	20	39	—	"
RTZ	390	82	4	93	—	125	—	470p
RTZ	420	52	4	70	—	100	—	"
RTZ	460	17	—	40	2	70	—	"
RTZ	500	4	—	18	5	50	—	"
Totals			134		123		15	

Bid for Highland Distilleries dropped

By Gareth Griffiths

HIRAM WALKER, the Canadian drink and gas company, is to give assurances to the Government that it has no intention of proceeding with an £80m bid for Highland Distilleries.

The Monopolies Commission published its report yesterday on the deal, which was referred in January. Its findings were widely predicted. Last night Lazard Brothers, advisers to Hiram Walker, said that the company had "no sensible alternative" but to accept the decision.

In its unanimous report, the Commission said that Highland would be more successful in export markets as an independent company. A merger could lead to a loss of efficiency, affecting the strength of competition it offered in the UK market.

The most serious concern in thereport was that a meger would mean further concen*tration of distillery ownership* in Scotland. The proposed takover "may be expected to operate to *limit* the degree and nature of competition in the market for malt whisky *fillings.*"

An offer by Hiram Walker to guarantee supply of whisky fillings for blending to Scottish whisky-blenders is described in the report as pro*viding* no security from use of market power to force up prices. Highland owns five and Hiram Walker eight malt distilleries.

Concern had been expressed to the Commission that, excluding those owned by the Distillers' Company, 10 of the remaining 18 quality distilleries in Scotland would *be owned if the merger went* ahead by the foreign-controlled Seagrams and Hiram Walker companies.

The report gives the management of Highland a clean *bill* of approval: "Highland is an expanding, well-managed and innovative company which has a significant role in the business of the production and sale of malt whisky fillings."

A merger could mean a cut in the already limited number of career opportunities in Scotland. The style of *managements* of Hiram Walker and Highland was different.

Highland's close production deal with Robertson and Baxter over the Cutty Sark *and Famous Grouse brands* would end if a takeover went ahead.

The Commission says that a merger might mean Hiram Walker's acquiring a stake in the UK blended whisky market through the famous Grouse blend.

Reo Stakis casino deal approved

BY ALAN FISHER

REO STAKIS, the Glasgow-based hotel and leisure company, has received Gaming Board approval for part of its proposed deal to buy five provincial casinos from Ladbroke Group for over £4.4m cash.

The board has granted Reo Stakis, which has gaming operations in Scotland and England, a certificate of consent for transfer of the Leeds premises, the most profitable of the five.

As its next step, the company will put its case to the licensing justices in Leeds early next month. Hearings on the other four clubs in Birmingham, Bristol, Middlesbrough and Stockton will be held in October.

Mr. Francis O'Callaghan, *finance director of Reo Stakis*, said consent certificates had not yet been granted for the other casinos.

"That doesn't mean to say we won't get them."

The agreed purchase follows Ladbroke's decision to leave the casino business after the closure *of its highly profitable London* clubs because of misconduct, chiefly involving the illegal tempting of gamblers away from rival establishments.

As well as the Reo Stakis deal, Ladbroke's has agreed to sell the most profitable of its non-London clubs, Cesars Palace in Luton, to the Lonrho international trading conglomerate for £2.25m cash.

Its Leicester casino is also to be sold, subject to the gaming licence being transferred, to an unnamed private company for £1.79m.

Talks are still going on over the possible sale of the remaining four in Liverpool, Manchester and Newcastle where there are two premises.

The Reo Stakis management, including the chairman, Mr. Reo Stakis, the managing director, Mr. John Loughray, and Mr. O'Callaghan, as well as its casino division executives, met Gaming *Board representatives last Fri*day in advance of the granting of the consent certificate.

Ward calls in GEC to aid car-wiring subsidiary

WARD AND GOLDSTONE, manufacturer of insulated wires and cables, has brought in GEC as the majority partner in its Salplex subsidiary which is developing a revolutionary electronic car-wiring system.

Mr. Michael Goldstone, group managing director, said GEC had been brought in because the potential market for the *system was too big for his com*pany to handle alone.

The Salplex system, being *tested in cars, would replace* much of the wiring with a single circuit and would greater simplify diagnosis of faults.

GEC has taken 60 per cent of the shares. A new facility in Cheshire will be run by a managing director appointed by GEC.

Mr. Goldstone expected that mass production was still about *four years away.* The system would then cost between £100 and £150 for an average car.

Chloride to launch new easy-care car battery

BY JOHN GRIFFITHS

A "SEALED for life" car battery is to be launched on the UK market from October 1 by Chloride Automotive Batteries.

Much of the technology is not new. Batteries using similar lead-calcium alloy plates to the ones in Chloride's product were introduced in the U.S. some *years ago.* But Chloride believes it has a lead in introducing the battery type to Europe.

The main advantages for the motorist are that it requires no maintenance: it is safer than *conventional types—it will not* spill or spray acid if knocked over; it is immune to external sparks or flames: and provides better cold starting performance.

For the motor trade it promises easier handling and a longer, 12-month shelf life.

Its greatest significance is likely to be for car designers. Since no access is needed for topping up, it can be located where it takes up least space.

Chloride is negotiating with a number of manufacturers on its installation as original equipment. Since the battery overcomes long-distance transport problems associated with other types, Chloride expects also to push sales in Europe as production builds up at its Manchester and Dagenham plants. The company has about one-third of the UK battery market, which totals nearly 8m units a year. About 40 per cent are fitted as original equipment.

Chloride's lead is likely to be short lived—production of similar types is due to come on stream at a new General Motors plant at Sarreguemines, France, in September. They will be *marketed throughout Europe* under the AC Delco "Freedom" brand name.

Pilots' college launch is postponed

By Lynton McLain

THE LAUNCH of the new Cranfield Airline College has been postponed because there are too many commercial pilots.

Plans for the privately-funded college were made in November and the college directors expected by now to be moving towards the planned total of 120 student pilots.

Rising fuel costs and the "current unfavourable airline economic climate" have forced the directors to defer the programme until the airlines are able to predict their pilot requirements with more certainty.

Recession in South 'not so gloomy'

THE STRENGTH of many companies in the South of England in the face of the recession was emphasised yesterday by the Confederation of British Industry.

Mr. Ken Walker, acting regional director of the confederation's southern region, said that the constant talk of gloom was giving a warped picture of the industrial scene there.

"*People seem to* think we are *missing* out on something not being in the front line of the recession, and are determined to talk their way into it," he said.

"But the facts do not support their negative cause, as there is little increase in real unemployment in the five counties, and there are still many job vacancies, particularly in the Reading area."

● The CBI regional council in the North-West is pleading with the Government to protect companies *from* "unfair" foreign competition.

While Britain plays fair by the rules of international trade, says the council, overseas rivals prosper through assistance *from their governments.*

It has submitted a resolution to the forthcoming CBI conference in Brighton calling for the Government to deal with unfair competition by introducing similar or better aid policies.

Mr. Mac Toms, president of Manchester Chamber of Commerce, has written to Mr. Denis Howell, the Energy Secretary, asking him to take the sting out of rising energy prices, which, he says, make industrial survival "that *much harder.*"

● Panavista, a small furniture company on the verge of bankruptcy two years ago, expects to double its turnover this year. It is considering a third working shift to cope with orders, and has introduced a new drawer system for its fitted furniture units.

The company, at Edenbridge, Kent, has a staff of 40, described by it as "not a labour force," which holds 66 per cent of the shares. The remainder are held by the *original owning family.*

Output last year of fitted bedroom furniture — wardrobes and dressing and bedside table units — was worth about £1m. It is expected to reach £2m this year.

Panavista sells mainly through made-to-measure fitted bedroom specialists, but is looking at possibilities of retail trade in do-it-yourself outlets.

The new drawer system is based on a corner pivot action, which has been patented, for opening and closing drawer units. It can be installed in existing wardrobes and in other bedroom furniture.

Mr. John Newton, the company's market development manager, said: "We believe the market is there for a £3m annual turnover, and we could achieve this with only 10 more staff."

One factor in the company's revival, apart from a computerised treatment of all aspects of costing, had been "a wholehearted approach to work" by all its members.

"We can't afford deadwood," said Mr. Newton.

Pay deal boosts London police

THE strength of the Metropolitan Police has risen to 23,210 and is expected to reach its authorised figure of 26,500 in the foreseeable future, Scotland Yard said yesterday.

MINING NEWS

Pancontinental flotation

BY KENNETH MARSTON, MINING EDITOR

DETAILS are now announced of the public flotation by Australia's Pancontinental Mining of its Pancontinental Petroleum oil and gas exploration subsidiary, as reported here last week. The issue will raise some A$11m (£5.4m) and it covers 44m shares of 25 cents *(12.3p) at a price of 25 cents* plus 22m options at one cent.

Holders of Pancontinental Mining registered on August 15 will be offered one share in Pancontinental Petroleum at par *(25 cents) for each Pancontinental* Mining held.

The Pancontinental Petroleum shares will carry a transferable option at a price of 1 cent to acquire, in the ratio of one-for-*two, a further share at a price* of 25 cents. The options will run until June 30, 1985.

Thus a holder of 100 Pancontinental Mining shares will be entitled to buy 100 Pancontinental Petroleum shares at 25 cents each and may also exercise the options to acquire a further 50 shares at 25 cents. The offer to these holders closes on September 10.

The Pancontinental group, which includes the Canadian oil and gas subsidiary, is to hold some 52 per cent of the newcomer's issued shares. Permission for dealings in both the shares and options has been granted by the member exchanges of the Australian Associated Stock Exchanges. On this basis, dealings are also likely to be permitted in London.

In Sydney yesterday Mr. Tony Grey, chairman of Pancontinental Mining and also of Pancontinental Petroleum, said that the Amadeus Basin blocks in the Northern Territory looked to be the most promising of the company's exploration prospects despite their isolation.

The other prospects include the Surat and Cooper basins in Queensland and the Carnarvon and Perth basins in Western Australia. The Board of Pancontinental Petroleum includes Mr. J. C. Rowntree, who was involved in Pancontinental's big Jabiluka uranium find, development of which still awaits official permission.

Dealings in Pancontinental Petroleum are expected to start around the second week in October. Market indications are that this could be a popular issue and if there is no shake-out in the Australian oil and gas exploration stocks, the shares may go to a premium.

Holders of Pancontinental Mining—held either directly or via nominees—who intend to subscribe should thus ensure that they get their application forms in time; this is not always the case with Australia issues. *If they experience any difficul*ties they should contact the underwriters to the issue, stockbrokers Rowe and Pitman in London and Ord Minnett in London and Australia.

Brinco may pay C$52m for Cassiar

CANADA'S Brinco, controlled by Rio-Tinto Zinc has taken an option to acquire control of Cassiar Resources for some C$52m (£19m), reports Robert Gibbens from Montreal.

Under the option Brinco would buy the controlling block of Cassiar, a British Columbia asbestos producer, from Turner *and Newall of the UK,* Newmont Mining Corporation and Raybestos-Manhattan, both of the U.S., and James Hardie Industries of Australia. These companies at present own almost 80 per cent of Cassiar. The offer price would be C$16 per share.

Afterwards Brinco would make a similar general offer to all other Cassiar shareholders subject to approval by the Canadian Foreign Investment Review Agency.

Brinco has been negotiating with the major Canadian estate development group, Olympia and York Development, controlled by the Reichman family of Toronto, for an acquisition of Brinco stock by Olympia which would in effect make Brinco 50.1 per cent controlled by Canadians.

The effect of this would be to bring the RTZ ownership in Brinco down to 23 per cent.

OIL AND GAS NEWS

Union Oil discovery in Dutch North Sea

BY GEORGE MILLING-STANLEY

The Netherlands subsidiary of Union Oil Company of California has discovered oil on Block Q1 in the Dutch sector of the North Sea. The well, Q1-S, is Union Oil's third discovery on the concession.

The flow rate was 1,446 barrels of 25.5 gravity oil from the interval 5,289 to 5,312 feet. *The well, in 75 feet of water, is* situated 23 miles from the Dutch coast.

The discovery is about 3½ miles north of Union Oil's Helder Field, which was confirmed in May, and *on a separate* structure from Helder and the company's other discovery, the Helm Field, which was found in 1979.

Before development plans are *drawn up for the latest discovery,* further appraisal drilling will be carried out to evaluate the extent of the three fields. In addition, there will be further exploratory drilling on other oil *prospects in the block.*

Union Oil Company of the Netherlands holds an 80 per cent interest in the 120,000 acre block, with the remaining 20 per cent held by the Royal Nedlloyd *Groep of the Netherlands.*

* * *

Gas has flowed from Hartogen Energy's Kincora No. 20 appraisal well on the Surat Shelf, Queensland, at a rate of *3.97m cubic feet per day.* This result came from a drill stem test at the interval between 4,560 feet and 4,693 feet. The well is now being drilled to its targeted total depth of 4,820 feet. The Kincora field is wholly owned by Hartogen.

* * *

Australia's International Mining Corporation has started drilling at a prospective new oil shale area at Mount Coolon in Queensland. No oil shale discoveries have been made so far in the 500 sq km area.

At the same time, IMC is carrying out more detailed drilling at the Alpha deposit. This is aimed at settling the dispute with Greenvale Mining and Esperance Minerals over the exact position of the deposit.

TIN MERGER IS UNCONDITIONAL

The offer of shares in Malayan Tin Dredging in exchange for those of five other Far Eastern tin companies has been declared unconditional, but the offer will remain open for acceptances until August 14.

Acceptances received were: Southern Malayan 67.75 per cent, Southern Kinta Consolidated 53 per cent, Kramat Tin 55 per cent, Lower Perak 75.18 per cent and Bidor Malaya 100 per cent. The relevant special dividends are expected to be paid next month to shareholders registered on August 1.

APPOINTMENTS

Board changes at Illingworth Morris group

Mr. Donald Hanson has been appointed chairman of ILLINGWORTH, MORRIS AND CO., following the retirement of Mr. Ivan C. Hill. Mr. Hanson, who joined the group in 1939, and Mr. Peter Hardy will continue as joint chief executives, and the divisional structure of the group will remain unchanged. Mr. Hardy has been appointed a director of Woolcombers (Holdings).

*

Mr. Geoffrey F. Kitchen, chairman and managing director of Westbrook Lanolin Company, and a member of the Board of Woolcombers (Holdings), has been appointed deputy chairman of Woolcombers (Holdings).

*

Mr. Albert Wheeler, deputy-director (mining), North Derbyshire Area since November 1973, is appointed director of the NATIONAL COAL BOARD'S Scottish Area from August 11. This follows the move of Mr. J. R. Cowan, who had previously combined part-time membership of the NCB with his directorship in Scotland, to become a full-time member of the Board with special responsibilities for industrial relations matters.

Mr. J. E. Wood, director of Doncaster Area for more than six years, is to become Area director, North Nottinghamshire, from October 1. He succeeds Mr. Merrick Spanton who becomes a full-time member of the NCB on the same date.

*

Mr. C. R. Thompson, chairman of NEI International, has been appointed a member *of* the OVERSEAS PROJECTS BOARD —which was set up by the British Overseas Trade Board. The Overseas Projects Board is the focal point for consultation between *industry and Govern*ment on problems and matters of interest arising in the pursuit of overseas projects business. It advises the new projects and export policy division of the Department of Trade.

*

Mr. R. S. Traquair has been appointed managing director of THE ROYAL TRUST COMPANY OF CANADA to succeed Mr. N. R. Godwin who has left the company to become vice president and regional European manager of BANCA SERFIN, based in London.

*

Mr. William Thompson has been appointed to the Board of WIGHAM POLAND SCOTLAND.

*

Mr. Michael P. Lines has been appointed managing director of WOODWARD STORES (LONDON) a subsidiary of Woodward Stores (British Columbia), Canada. He takes over from Mr. Aidan Robinson who retires after 30 years as managing director of the London company and a director of the main Board.

*

The Trade Secretary has appointed Mr. Raymond Prosser as a part-time member of the CIVIL AVIATION AUTHORITY for a three year term from August 1.

*

The Energy Secretary has re-appointed Mr. George H. Wright, as a part-time member of the SOUTH WALES ELECTRICITY BOARD for three years from August 1. *Mr. Wright has* been Wales regional secretary of the Transport and General Workers Unions since 1972. He is general secretary to the Wales TUC and deputy chairman of the Council *for Social Services, Wales.*

*

Mr. Ian MacLaurin, managing director of Tesco Stores (Holdings) has been appointed chairman of the RETAIL CONSORTIUM'S FOOD POLICY COMMITTEE, to succeed Mr. Wallace Monaghan, chairman of Fine Fare.

*

Mr. A. F. G. Bowen has been appointed managing director of EASTERN LINER SERVICES following the retirement of Mr. T. E. Bennett. Mr. G. A. Abernethy has been appointed *company secretary, succeeding* Mr. R. E. Morl who died in July. Mr. B. Jones has been appointed manager of the Liverpool office.

*

The Very Rev. Victor de Waal, the Dean of Canterbury, has accepted an invitation from TELEVISION SOUTH AND SOUTH-EAST to become religious adviser to the group and a director of Television South-East, a subsidiary company.

*

F. J. C. LILLEY states that *Mr. F. J. C. Lilley has resigned* from its Board. Mr. Lilley has been a non-executive director for the past five years and will in future be concentrating on other business interests.

*

Mr. Paul C. Hebner, Mr. Charles C. Horace and Mr. Richard H. Vaughan have been elected executive vice-presidents of OCCIDENTAL PETROLEUM CORPORATION.

*

Mr. F. C. Henshaw, at present deputy general manager of MILTON KEYNES DEVELOPMENT CORPORATION, will succeed Mr. F. Roche as general manager on November 1, when Mr. Roche takes up a partnership in the private sector.

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling advanced in the foreign exchange market yesterday, partly as a result of the weakness of the dollar, but also in response to the latest London clearing bank figures. The pound opened at $2.3600-2.3610, and touched a high point of $2.3610-2.3620 very quickly, before easing to $2.3580-2.3590. At this point there was a movement into dollars and sterling slipped to $2.3530-2.3540, but recovered to $2.3555-2.3565 at noon. In the afternoon trading was around a general level of $2.3550, but the pound touched $2.36 once again on indications that Bank of England Minimum Lending Rate is unlikely to fall in the near future if the banking figures prove a reliable guide. The pound closed at $2.3545-2.3555, a rise of 1.20 cents on the day, and on Bank of England figures its index rose to 74.9 from 74.6, after standing at 74.8 at noon and in the morning.

The dollar's index, as calculated by the Bank of England, fell to 84.4 from 84.7.

Trading was generally quiet, with the U.S. currency finishing weaker on the day against most major currencies, but recovering slightly in the morning, and again in the afternoon when the Federal Reserve was seen to intervene to prevent a further fall in the Federal Funds rate. The dollar fell to DM 1.7760 from DM 1.7850 against the D-mark and to SwFr 1.6410 from SwFr 1.6500 in terms of the Swiss franc.

D-MARK—One of the weaker members of the European Monetary System recently, and showing a tendency to ease against the dollar following the turnround in U.S. interest rates. Over the last few months tight Bundesbank monetary policy and the sharp fall in U.S. rates led to a decline of the dollar against the German currency—The D-mark improved slightly against the dollar, sterling and the French franc at the Frankfurt fixing. There was no intervention by the Bundesbank at the fixing, and little reaction to news of a balance of payments surplus of DM 2.214bn in June, compared with a deficit of DM 829m in May, or the rise in German unemployment in July. The fall in industrial production in June, and last month's slight reduction in the central bank's monetary reserves also caused no significant movement in the foreign exchange market, where the dollar was fixed at DM 1.7753, compared with DM 1.7814 on Monday. Sterling eased to DM 4.1820 from DM 4.1850, while among EMS currencies the French franc fell to DM 43.125 per 100 francs from DM 43.13.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following the early July support package—The lira was quite firm at the Milan fixing, rising against the dollar, sterling, the French franc, and the D-mark, while publication of Italy's current account balance of payments figures for March confirmed the sharp swing into deficit, and came as no surprise to the market.

JAPANESE YEN — Showing weaker trend once again after marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen continued to improve slightly in moderate Tokyo trading. The dollar eased to Y226.20 from Y226.85 on Monday, but marginally firmer than the opening level of Y226.00. It touched a low of Y225.30 in early trading, following the weaker trend in New York, while demand for dollars to cover oil imports helped the U.S. currency

THE POUND SPOT AND FORWARD

Aug. 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3530-2.3620	2.3545-2.3555	1.60-1.50c pm	7.90	3.57-3.47 pm	5.98
Canada	2.7210-2.7295	2.7240-2.7250	1.67-1.57c pm	7.13	3.90-3.80 pm	5.65
Nethlnd.	4.54½-4.57½	4.55¾-4.56¾	3½-2½c pm	7.56	8-7 pm	6.57
Belgium	66.55-66.95	66.75-66.85	30-20c pm	4.49	64-54 pm	3.53
Denmark	12.91-12.96	12.94¼-12.95¼	⅞ore pm-⅞dis	−0.11	5½-6⅞ dis	−1.85
Ireland	1.1060-1.1100	1.1085-1.1095	0.02p pm-0.03dis	−0.54	0.12-0.08 pm	0.32
W. Ger.	4.16½-4.20	4.18-4.19	3⅞-2⅞pf pm	9.68	9-8 pm	8.12
Portugal	116.00-116.75	116.05-116.25	50c pm-par	2.58	77 pm-45 dis	0.55
Spain	168.55-169.05	168.60-168.70	45-100c dis	−5.16	235-335 dis	−6.76
Italy	1970-1975	1973½-1974½	16-[illegible]lire dis	−10.64	47¾-50¾dis	−9.98
Norway	11.46-11.50	11.46½-11.47½	8-6½ore pm	7.52	17½-16½ pm	5.88
France	9.67½-9.71	9.68¼-9.69¼	5-4c pm	5.57	11½-10½ pm	4.54
Sweden	9.78-9.83	9.79¼-9.80¼	3½-2½ore pm	3.37	6¼-5½ pm	2.40
Japan	530-536	532½-533½	2.25-1.85y pm	4.61	5.25-4.85 pm	3.79
Austria	29.60-29.70	29.64-29.69	17-15gro pm	6.47	40½-34½ pm	5.06
Switz.	3.85-3.88	3.86-3.87	4¼-3¼c pm	11.64	10½-9½ pm	10.35

Belgian rate is for convertible francs. Financial franc 67.15-67.25. Six-month forward dollar 4.55-4.45c pm. 12-month 7.15-7.05c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3530-2.3620	2.3545-2.3555	1.60-1.50c pm	7.90	3.57-3.47 pm	5.98
Ireland†	2.1216-2.1290	2.1215-1.1235	1.50-1.40c pm	8.20	3.60-3.50 pm	6.69
Canada	1.1563-1.1574	1.1563-1.1568	0.06-0.09c dis	−0.78	0.10-0.14dic	−0.41
Nethlnd.	1.9320-1.9370	1.9355-1.9370	0.10c pm-par	0.31	0.45-0.35pm	0.83
Belgium	28.29½-28.37	28.35-28.37	6-7½c dis	−2.86	15-18 dis	−2.33
Denmark	5.4912-5.4990	5.4960-5.4975	3½-4ore dis	−8.19	10½-11 dis	−7.82
W. Ger.	1.7710-1.7790	1.7755-1.7765	0.26-0.21pf pm	1.59	0.89-0.84 pm	1.95
Portugal	49.30-49.60	49.40-49.50	15-35c dis	−6.07	40-90 dis	−5.26
Spain	71.62-71.77	71.64-71.69	68-85c dis	−12.56	205-230dis	−12.14
Italy	837.25-838.30	837.80-838.30	12-13½lire dis	−18.26	33-35 dis	−16.23
Norway	4.8678-4.8765	4.8705-4.8720	0.20orepm-0.30ds	−0.12	0.40pm-0.10d	0.12
France	4.1118-4.1190	4.1135-4.1150	0.62-0.72c dis	−1.95	1.35-1.50ds	−1.38
Sweden	4.1565-4.1660	4.1610-4.1620	1.20-1.35ore dis	−3.68	3.30-3.45ds	−3.24
Japan	225.80-226.40	226.20-226.30	0.55-0.70y dis	−3.31	1.20-1.35ds	−2.25
Austria	12.57½-12.59¼	12.58¼-12.59¼	1.00-1.60gro dis	−1.24	1.50-3.25ds	−0.75
Switz.	1.6350-1.6430	1.6405-1.6415	0.70-0.60c pm	4.75	2.02-1.92 pm	4.80

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Aug. 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.559708	0.602748
U.S. $	10	1.31330	1.41797
Canadian $	10.16	Unavail.	1.64073
Aurtria Sch	6¾	16.6014	17.9727
Belgium F	12	37.3043	40.3198
Danish K	13	7.26715	7.82362
D'mark	7½	2.33951	2.52398
Guilder	9	2.55045	2.75298
French Fr	9½	Unavail.	5.85478
Lira	15	1103.83	1191.52
Yen	9	298.644	320.559
Norwgn. Kr.	9	6.42072	6.92392
Spanish Pts.	8	94.3619	101.902
Swedish Kr.	10	5.48644	5.91930
Swiss Fr.	3	2.15775	2.33369

CURRENCY MOVEMENTS

Aug. 5	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.9	−31.4
U.S. dollar	84.4	−9.2
Canadian dollar	81.4	−16.5
Austrian schilling	157.1	+24.7
Belgian franc	116.2	+14.2
Danish kroner	107.4	−4.1
Deutsche mark	155.2	+44.0
Swiss franc	198.3	+79.2
Guilder	126.2	+20.1
French franc	101.8	−5.5
Lira	53.4	−51.0
Yen	125.6	+24.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Aug. 5	£	$		£ Note Rates
Argentina Peso	4416-4435	1883-1890	Austria	29.45-29.75
Australia Dollar	2.0390-2.0430	0.8660-0.8665	Belgium	66.80-67.40
Brazil Cruzeiro	126.16-127.15	53.68-53.88	Denmark	12.85-12.95
Finland Markka	8.58-8.59	3.6340-3.6350	France	9.64-9.70
Greek Drachma	100.395-102.727	42.90-43.05	Germany	4.16-4.19
Hong Kong Dollar	11.64⅛-11.67¼	4.9500-4.9520	Italy	1950-1965
Iran Rial	n.a.	n.a.	Japan	532-537
Kuwait Dinar(KD)	0.628-0.634	0.2680-0.2681	Netherlands	4.53½-4.56½
Luxembourg Frc.	66.75-66.85	28.35-28.37	Norway	11.43-11.53
Malaysia Dollar	5.0625-5.0800	2.1515-2.1535	Portugal	113-117
New Zealand Dlr.	2.4095-2.4145	1.0230-1.0240	Spain	163½-169¾
Saudi Arab. Riyal	7.78-7.84	3.3200-3.3215	Sweden	9.75-9.85
Singapore Dollar	5.0160-5.0500	2.1320-2.1340	Switzerland	3.85-3.88
Sth. African Rand	1.7910-1.7935	0.7605-0.7615	United States	2.35-2.36¼
U.A.E. Dirham	8.65-8.71	3.6870-3.6890	Yugoslavia	63¼-69¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2877	+1.25	+0.32	±1.53
Danish Krone	7.72336	7.82169	+1.27	+0.34	±1.64
German D-Mark	2.48208	2.52482	+1.72	+0.79	±1.125
French Franc	5.84700	5.85241	+0.09	−0.84	±1.3557
Dutch Guilder	2.74362	2.75301	+0.34	−0.59	±1.512
Irish Punt	0.668201	0.669037	+0.13	−0.80	±1.668
Italian Lira	1157.79	1190.30	+2.81	+2.19	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 5	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.355	4.185	533.0	9.688	3.865	4.563	1974.	2.725	66.80
U.S. Dollar	0.425	1.	1.777	226.3	4.114	1.641	1.937	838.2	1.157	28.37
Deutschemark	0.239	0.563	1.	127.4	2.315	0.924	1.090	471.7	0.651	15.96
Japanese Yen 1,000	1.876	4.418	7.852	1000.	18.18	7.251	8.560	3704.	5.112	125.3
French Franc 10	1.032	2.431	4.320	550.2	10.	3.990	4.710	2038.	2.812	68.95
Swiss Franc	0.259	0.609	1.083	137.9	2.506	1.	1.180	510.7	0.705	17.28
Dutch Guilder	0.219	0.516	0.917	116.8	2.123	0.847	1.	432.7	0.597	14.64
Italian Lira, 1,000	0.507	1.193	2.120	270.0	4.908	1.958	2.311	1000.	1.380	33.84
Canadian Dollar	0.367	0.864	1.536	195.6	3.556	1.419	1.675	724.5	1.	24.52
Belgian Franc 100	1.497	3.525	6.265	797.9	14.50	5.786	6.830	2955.	4.079	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 5)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 5/16	offer 10 7/16	bid 10 3/8	offer 10 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17½	9-9¼6	9⅛-10½	9⅞-10⅛	10-10¼	8⅝-8½	12-12¼	14-18	9½-9⅝	12¾-13
7 days' notice	17-17¼	9¼-9½	9½-10½	9⅞-10⅛	6½-7	8⅝-8½	12-12¼	24½-28½	9½-9¾	12⅞-13¼
Month	17⅛-17⅜	9 1/16-9 7/16	10½-10⅞	9⅝-9⅞	5½-5⅝	8⅜-8½	12-12¼	27-29	9 15/16-10 1/16	12⅞-13
Three months	16¼-16½	10¼-10⅛	10⅝-10¾	9½-9¾	5 7/16-5 9/16	8¼-8 7/16	11 15/16-12 1/16	27-28½	10 1/16-10 3/16	12½-12⅝
Six months	15⅛-15⅝	10¼-10½	10½-10⅞	9¼-9½	5 7/16-5 9/16	7⅞-7 15/16	11 15/16-12 1/16	27-28½	10 5/16-10 7/16	11⅛-11¾
One Year	13⅞-14⅛	10⅝-10⅞	10¾-11⅛	9¼-9½	5¼-5⅝	7 11/16-7 13/16	11¾-12	22-23½	10 11/16-10 13/16	10⅛-10¼

Long-term Eurodollar two years 11⅛-11⅜ per cent; three years 11¼-11½ per cent; four years 11⅜-11⅞ per cent; five years 11¾-12 per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen: others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.65-9.75 per cent; three-months 9.75-9.85 per cent; six months 9.75-9.85 per cent; one year 9.90-10.00 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates firm

Dutch short term interest rates were firm yesterday, but elsewhere in Europe there was little change, with Paris call money remaining at the relatively low level of 11⅜ per cent, while Frankfurt call money continued to ease. It was quoted at 9.30-9.50 per cent, compared with 9.40-9.50 per cent on Monday, and against the official Lombard rate of 9.5 per cent. Term rates were slightly firmer on balance however in Germany, with one-month at 9.45-9.55 per cent, compared with 9.40-9.60 per cent; three-month at 9.25-9.35 per cent, against 9.15-9.35 per cent; six-month at 8.65-8.80 per cent, compared with 8.50-8.80 per cent; and 12-month at 8.20-8.35 per cent, against 8.15-8.35 per cent. Although conditions have eased in the Frankfurt market, the ending of one of the Bundesbank's two sale and repurchase agreements and heavy tax payments, are expected to lead to a tightening of rates during the month.

In Paris period rates were unchanged, with one-month at 11½-11⅝ per cent; three-month at 11 9/16-11 11/16 per cent; six-month at 11 9/16-11 11/16 per cent; and 12-month 11½-11⅝ per cent.

On the other hand Amsterdam money market rates rose quite sharply, with one-month rising to 9⅞-10 per cent from 9⅛-9⅜ per cent; three-month to 9⅝-9⅞ per cent from 9⅜-9⅝ per cent; and six-month to 9⅜-9⅝ per cent from 9¼-9½ per cent. Call money was quoted at 10-10¼ per cent compared with 9¾-10¼ per cent previously.

MONEY RATES

NEW YORK

Prime Rate	10¾-11
Fed. Funds	8⅝-8⅞
Treasury Bills (13-week)	8.76
Treasury Bills (26-week)	8.73

GERMANY

Discount Rate	7.5
Overnight Rate	9.40
One month	9.50
Three months	9.30
Six months	8.725

FRANCE

Discount Rate	9.5
Overnight Rate	11.625
One month	11.5625
Three months	11.5
Six months	11.375

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.5625
Bills Discount (three-month)	12.6875

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in slightly short supply in the London money market yesterday, and the authorities gave small assistance by buying a small number of Treasury bills and local authority bills from the discount houses, and by lending a small amount to one or two houses, overnight at Minimum Lending Rate.

Banks brought forward small surplus balances, but the market was faced with repayment of the small amount borrowed on Monday, and a small excess of revenue payments to the Exchequer over Government disbursements.

Discount houses paid up to 16 per cent for secured call loans, with rates opening at about 15 per cent, and closing at 14½-15 per cent. In the interbank market overnight money opened at 16⅜-16⅝ per cent, and eased to 14-15 per cent at the close.

GOLD

Weaker tendency

Gold closed unchanged on the day in the London bullion market yesterday at $628-631. It opened quite firm, continuing the trend in Far East markets, and touched $638-639½ in the morning, before easing back to be fixed at $635.50. The decline continued in the afternoon, with the metal touching a low point of $626-628 after a fixing of $630.50. News that Canada is to continue selling gold from its reserves contributed to the general weakness.

In Paris the 12½-kilo gold bar was fixed at FFr 85,300 per kilo ($644.50 per ounce) in the afternoon, compared with FFr 84,650 ($639.56) in the morning, and FFr 84,000 ($632.76) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 36,280 per kilo ($635.95 per ounce), compared with DM 35,795 ($622.97) previously, and finished at $630-633, against $630-632 on Monday.

In Zurich gold closed at $626-$629, compared with $628-631.

	Aug. 5		Aug. 4	
Gold Bullion (fine ounce)				
Close	$628-631	(£265½-268)	$628-631	(£268-269.5)
Opening	$634-637	(£268½-270)	$619-622	(£264.5-266)
Morning fixing	$635.50	(£269.566)	$622.25	(£265.680)
Afternoon fixing	$630.50	(£267.568)	$630.75	(£268.404)
Gold Coins				
Krugerrand	$647-650	(£274½-276½)	$646-649	(£276-278)
Mapleleaf	$643-646	(£272-274)	$641-644	(£272-275)
New Sovereigns	$159-160	(£67½-68½)	$158½-159½	(£67½-68½)
King Sovs.	$186-188	(£79-80)	$185-187	(£77-79)
Victoria Sovs.	$186-188	(£79-80)	$185-187	(£77-79)
French 20s	$162½-165½		$161½-164½	
50 pesos Mexico	$779-783		$776-781	
100 Cor. Austria	$617-622		$615-620	
$20 Eagles	$753-758		$754-759	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Aug. 5 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14-16⅝	—	—	—	15⅝-16¾	14¼-16	—	—	—
2 days notice	—	—	16⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17⅛	16⅞	—	17⅜	17⅛-17½	16¾-16⅞	—	—	—
One month	17-16¾	16 13/16-17 1/16	16⅞	17¼-17¾	17 1/16	17⅜	16¾-16⅞	14⅜	16 7/16-16½	17
Two months	16⅞-16½	16⅝-16 11/16	—	16½-17¼	16 1/16	—	16¼-16½	14 21/32-14 11/16	16⅛-16 3/16	16⅝
Three months	16⅜-16⅛	16 7/16-16 7/16	15⅝-16⅛	16¼-16¾	16⅝	16⅞-17	14¾-14⅞	14 25/32-14⅞	15½	16⅛
Six months	15 1/16-15	15¼-15⅝	14⅝-15	14⅞-15⅛	15⅝	16	—	—	14 1/16	14¾
Nine months	14⅛-14 7/16	14⅛-14¾	—	14⅝-14⅞	14⅞	15⅛	—	—	—	—
One Year	13 13/16-13 15/16	13⅞-14⅛	13¾-13⅞	14-14¼	14 5/16	14⅝	—	—	—	—
Two years	—	—	13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¾ per cent; four years 12⅞-13¾ per cent; five years 12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞ per cent; four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14 15/32-14½ per cent; two-months 14 17/32-14 9/16 per cent; three-months 14 19/32-14⅝ per cent. Approximate selling rate for one-month bank bills 16 5/16-16⅜ per cent; two-months 16-16 1/16 per cent; three-month 15⅜ per cent; one-month trade bills 16¾ per cent; two-months 16⅞ per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7076 per cent.

RESIDENTIAL PROPERTY

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENT) ACT, 1958

NOTICE IS HEREBY GIVEN that

1. Osakaya Securities Co. Limited of Basildon House, 7/11 Moorgate, London, E.C.2, has relinquished the Principal's Licence issued pursuant to Section 3 of the Act, having been exempted from the requirement to hold such Licence by virtue of being a member of the United Kingdom Association of Tokyo Stock Exchange Members which by an order made by the Department of Trade on 20th February, 1980, was declared to be a recognised association of dealers in securities pursuant to Section 15 of the Act.
2. Osakaya Securities Co. Limited has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the £500.00 deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 21st August, 1980.

PREVENTION OF FRAUD (INVESTMENT) ACT, 1958

NOTICE IS HEREBY GIVEN that

1. Lontrust Management Limited of 28 Lincoln's Inn Fields, London WC2 has relinquished the Principal's licence issued pursuant to Section 3 of the Act having ceased to carry on the business of dealing in securities.
2. Lontrust Management Limited has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the five hundred pounds deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 1st September, 1980.

COMPANY NOTICES

Bearer Depositary Receipts representing common stock of

ASAHI CHEMICAL INDUSTRY LTD.

A distribution of $0.532 per depositary share less any applicable taxes will be payable on and after July 14, 1980 upon presentation of coupon no. 12 at the office of any of the following depositaries:
MORGAN GUARANTY TRUST CY OF NEW YORK
—NEW YORK, 30, West Broadway.
—BRUSSELS, 35, Avenue des Arts.
—ANTWERPEN, 82, Frankrijklei.
—LONDON, 1, Angel Court.
—PARIS, 14, Place Vendôme.
—FRANKFURT, 8, Bockenheimer Landstrasse.
CREDITO ROMAGNOLO, Via Armorari 14, MILAN.
BANK MEES & HOPE, Herengracht 548, AMSTERDAM.
BANQUE GENERALE DU LUXEMBOURG, Rue Aldringen 14, LUXEMBOURG.
Net rate: $0.426 after deduction of 15% Japanese withholding tax; $0.401 after deduction of 20% Japanese withholding tax.
Coupon no. 11 is declared valueless.

CORRECTION

RICOH COMPANY, LTD.
(KABUSHIKI KAISHA RICOH)

In the notice to holders of 6¼ per cent Convertible Bonds 1991 published on August 5th, 1980, reference to the U.S.60,000,000 6½ per cent Convertible Debentures 1999 should have been to U.S.$60,000,000 6½ per cent Convertible Debentures 1995.

for RICOH COMPANY LIMITED
by The Chase Manhattan Bank, N.A.
London (Principal Paying and Conversion Agent)

August, 1980.

INTERNATIONAL COMPANIES and FINANCE

RECESSION-HIT AIRLINE SEEKS PARTNER

Continental confirms merger talks

BY PAUL BETTS IN NEW YORK

THE DIRE problems of U.S. airlines, which reported combined losses almost $500m in the first half of this year, are increasingly inducing troubled airlines to consider mergers.

Continental Airlines, based in Los Angeles, is reported to be holding preliminary discussions on possible mergers with two other U.S. airlines.

Mr. Alvin Feldman, chief executive of Continental, confirmed in a U.S. newspaper interview yesterday that his company was involved in talks with Western also based in Los Angeles, and another so far undisclosed domestic carrier.

Eastern Airlines, which posted a $15.9m loss in the second quarter of this year, has also indicated it was studying the possibility of mergers.

Continental itself yesterday reported a $6.44m second quarter loss compared with a $11.65m profit last year.

U.S. carriers have been badly hit by the recession, a resulting slump in passenger traffic, rising fuel costs and increased route and fare competition after the deregulation of U.S. airlines.

Of the smaller companies, such as Continental and Western, Braniff has been the worst afflicted by the current recession.

Although the company has so far denied it is involved in any transaction with another airline on a possible merger. There is growing speculation in New York that Dallas-based Braniff is currently facing a severe liquidity squeeze and was the other party involved in preliminary negotiations with Continental over a merger.

After deregulation, Braniff launched a spectacular expansion programme extending its routes from the American midwest to Europe, Asia and South America. But the company, which has now announced the sale of some $180m of aircraft and reported a loss of $47.7m in the second quarter, is generally regarded to have expanded too quickly.

In the face of the recession, higher fuel costs and some economically unviable routes, the company has been hit by growing cash problems. A merger is now considered as perhaps the most desirable solution to Braniff's current difficulties.

In the case of Continental, the Los Angeles-based company already attempted to merge its operations with Western last July. But the deal fell through when Western decided to pull out of the venture after the Civil Aeronautics Board indicated it would not approve the merger on anti-trust grounds.

However, the CAB could conceivably approve a merger between the two airlines this time in view of the financial difficulties of the two carriers. In any event, the two airlines have few directly competitive routes, while analysts believe a merger would be relatively smooth as the two companies are regarded to be compatible.

Strong rise in earnings at Boeing

By Our New York Staff

BOEING, the world's leading commercial aircraft manufacturer, has made good progress in the second quarter with profits advancing by more than 29 per cent. Net earnings totalled $155.2m or $1.61 a share compared with $120.1m or $1.25 a share in the corresponding quarter last year.

In the first half of this year Boeing's net income increased from $228.2m to $295m, or from $2.37 to $3.06 a share.

The Seattle-based company attributed the improvement in net earnings tot increased sales and higher income from liquid assets. Sales in the first half of this year totalled $4.56bn, compared with $3.68bn in the first half last year. In the second quarter this year, sales rose to $2.41bn from $1.9bn in the same quarter of 1979.

Although Boeing claimed that short-term demand for the company's commercial aircrafts had slackened, in the longer term there was substantial demand for fuel-efficient aircraft to meet airline growth and fleet modernisation programmes in coming years.

Indeed, orders for Boeing aircraft increased during the first half of this year to 227 aircraft compared with 148 aircraft in the first six months of last year.

Boeing indicated that overall sales for 1980 are expected to total about $9.5bn and that 1981 sales should be higher.

Grumman lifts profits by 55%

BY TERRY BYLAND

ANOTHER substantial increase in earnings is reported for the second quarter at Grumman, the major aircraft builder for the U.S. Navy. However, per share earnings were diluted by the recent issue of preferred stock and by debenture issue and conversion.

The company says the rise in sales and earnings reflected increased deliveries of the F-14 aircraft and a substantial operating improvement at the Grumman flexible bus programme which is expected to be profitable for the rest of the year. Aerospace sales gained $102m in the first half, including $63m from the F-14 programme.

Grumman, which wins about three quarters of its total sales from the aircraft and space industries, pushed earnings ahead in the second quarter by 55 per cent to $7.9m, but reported share earnings of only 60 cents against 68 cents. Sales for the quarter gained 11 per cent to $424.9m.

The first half of the year now shows earnings 105 per cent higher at $14m, on sales 24 per cent up at $881.8m. Share earnings have risen from 80 cents to $1.11.

Analysts on Wall Street have predicted that earnings will show a recovery this year and could move higher than the $2.66 a share of 1978.

The group sells about 75 per cent of its output of aircraft and space systems to the U.S. Government. Military aircraft sold include the F-14 fighter the A 6E attack aircraft, the EA 6B jamming system and the E2C early warning aircraft.

In an attempt to lessen this dependence on military spending, and in view in particular of the expected reduction in sales of the F-14, Grumman has aimed to increase commercial sales.

Bus manufacturing operations generated substantial start up costs in 1979 but were expected to improve this year. The company has warned that maintenance of the 30 cent quarterly dividend rate depends upon the achievement of a good increase in earnings this year.

Dominion Bridge unit bids for Koehring

BY ROBERT GIBBENS IN MONTREAL

DOMINION BRIDGE, one of the fastest growing members of the Canadian Pacific group, is offering through a U.S. subsidiary U.S.$ 140m for Koehring, the U.S. manufacturer of cranes and lifting equipment.

The deal has been approved by the main shareholders of Koehring. U.S. Filter Corporation, which holds 23 per cent of its common sharee, and by a majority of the Koehring board. The Dominion Bridge principal U.S. subsidiary AMCA International, is maknig a tender offer for any or all of the Koehring shares at U.S.$ 37 per share cash. Koehring preferred shareholders would get the redemption value of their shares in cash. Dominion Bridge, with sales of more than C$1bn a year, has been one of the strongest profit performers in the Canadian Pacific group of resource and industrial companies. Its expansion over the past 10 years has been built mainly in the U.S. market. From structural steel it has branched out into a wide range of industrial steel products including mooring terminals and other equipment for the oil and gas industry.

Koehring reported net profit of $14.3m or $4.26 a share on sales of $477m in fiscal 1979 against $11.8m or $3.45 a share on $417m a year earlier.

For the six months ended May 31 it reported net profit of $1.93 a share up 2 per cent from $1.89 a year earlier. Sales rose 3.5 per cent to $235m in the first half, despite an 8.9 per cent fall in the second quarter.

Volvo and Saab show optimism on U.S. exports

By Westerly Christner in Stockholm

SAAB and VOLVO, Sweden's two automotive manufacturers, expressed guarded optimism yesterday that U.S. authorities would not set limits on their car sales to the U.S., the largest export market for both companies.

The reaction came after Ford Motor's request to the U.S. Government to consider setting a quota on the number of imported vehicles.

If a quota programme was established, it could have a major effect on Saab's future U.S. export programme, said Mr. Sten Wennlo, managing director of Saab car division

At least 40 per cent of Saab's export volume to the U.S. is made up of the luxury class Turbo models. "I do not think Ford will try to stop just these types of cars. It does not affect them at all." he said.

Between January and July this year, the U.S. market accounted for about one-third of Saab's total exports of 8.000 cars, a 5 per cent gain on the same period last year. Saab markets its 99 and 900 Model series in the U.S.

During July, a record number of Saab cars were sold in the U.S.—1.560 vehicles—for a 26 per cent retail gain over the same month last year, and a 130 per cent jump at the wholesale level compared with July, 1979.

Mr. Haakan Frisinger, managing director of Volvo Car said that for the moment Volvo was unable to do anything but was following developments.

The U.S. is also Volvo's largest export market although, like Saab it has a tiny market share when compared with other car makers. From January to July this year, 33,100 cars in Volvo's 240 and 260 Series were exported to the U.S., representing a drop of 6.7 per cent compared with the same period a year ago.

Ford petitions for curbs on Japanese car imports

BY DAVID LASCELLES IN NEW YORK

FORD MOTOR, which expects a loss of $2bn on its U.S. operations this year, responded to growing pressure from imports yesterday by asking for official curbs on shipments of Japanese cars and trucks.

In a petition to the International Trade Commission — the Washington agency empowered to investigate complaints of unfair trading and recommend action to the President — Ford requested a temporary remedy against Japanese imports on the grounds that they were causing "serious injury" to the U.S. motor industry.

One remedy requested was that Japanese imports be reduced to their 1974-76 levels. At present the Japanese hold about one-fifth of the U.S. car market.

Ford's action had been expected. The country's second largest car marker had been pressing the Administration for some time to take action against Japanese imports. However, President Carter has set himself against restraint on imported cars, as he has in steel, where U.S. producers are also concerned about foreign penetration of the home market.

Other U.S. car makers have not gone as far as Ford. Chrysler, for instance, wants Japanese car makers to exercise self-restraint by ending overtime production. Only the United Autoworkers Union has so far petitioned the ITC as Ford has.

A response to the petition is unlikely for a couple of months. If the ITC finds there has been damage, President Carter will have to decide what action is appropriate.

Japanese motor companies have been trying to head off U.S. concern about their American sales by proposing to assemble more of their vehicles in joint-ventures in the U.S. Toyota recently made such a proposal to Ford. The U.S. company has yet to respond, although it indicated at the time that it was not enthusiastic about the idea.

● A bipartisan group of senators introduced a resolution to give President Carter the power to begin negotiations with other governments to curb vehicle imports. The resolution, which will have to pass both Houses and get the President's approval, would grant the power until July 1, 1985, long enough, its sponsors believe, to give the U.S. motor industry time to achieve the change-over to production of fuel-efficient cars.

Sterling bonds marked down

BY FRANCIS GHILÈS

STERLING denominated Eurobonds were marked down by ¼ of a point across the board yesterday following the news that the UK money supply had increased by an estimated 5 per cent in the month to mid-July. Dealers said that there was no trading, however: this sector effectively closed for the afternoon.

In the dollar sector some dealers tried to talk prices up yesterday morning following the rise in prices in the New York market on Monday. Their efforts failed, however, and the straight sector of the dollar market finished the day ⅛ of a point lower. Some issues fell more heavily: for example, the 9½ per cent Export Development Corporation bond to 1986 shed ⅝ of a point to close at 92⅝ offered.

In the Deutsche Mark foreign bond sector prices eased by ⅛ of a point in thin trading, while in the Swiss franc sector prices of seasoned issues were unchanged on the day.

Swiss Bank Corporation has arranged a SwFr 20m private placement of convertible bonds for Ushio Electric of Japan. This issue matures in six years and the conversion premium is expected to be around 9.3 per cent. The interest rate is 5⅛ per cent.

The Danish electricity supply company, SEAS, has arranged a SwFr 25m 10-year issue of public bonds through Banque Gutzwiller, Kurz, Bungener. This issue carries a coupon of 6 per cent.

The next issue in the Euroguilder sector, where demand from abroad continues to be strong, is for Freisch-Groningue Hypotheekbank, a newcomer to the sector. The borrower is paying a coupon of 9¾ per cent for seven years. These terms are slightly finer than those offered on the last Euroguilder note and point to the slow decline in yields offered on new bonds in this sector.

Tokyo Sanyo Electric has arranged a $30m 10-year convertible carrying a coupon of 7¼ per cent. It has been priced at par through a group of banks led by KIIC and Daiwa (Europe). This issue was erroneously quoted in the Swiss franc section of our Monday new issues table.

● Mr. Joseph Galazka has been appointed managing director of Cedel, the Luxembourg-based Eurobond clearing system effective January 1, 1981.

Mr. Galazka currently heads Merrill Lynch International's international bonds trading operation. He has been with Merrill Lynch for 26 years.

Growth slows at Emerson Electric

By Our Financial Staff

EMERSON ELECTRIC, the electrical and electronic products group, saw its rate of earnings growth slow in the third quarter, with profits advancing from $53m to $56.6m. Sales for the period grew at a slightly lower rate from $692.2m to $735m, and earnings per share came out at 94 cents against 88 cents.

For the first half Emerson had managed a 14.5 per cent increase in earnings per share from $1.65 to $1.89 with the second quarter having shown a slowdown from the almost 16 per cent growth rate of the opening three months.

After nine months earnings per share came to $2.83 against $2.53 for an overall rise of almost 12 per cent. Net profits were $170.3m compared with $150.6m while sales were $2.23bn against $1.92bn.

U.S. QUARTERLIES

CONSOLIDATED NATURAL GAS

	1980 $	1979 $
Second quarter		
Revenue	464.9m	392.3m
Net profits	12.4m	24.9m
Net per share	0.56	1.21
Six months		
Revenue	1.4bn	1.1bn
Net profits	83.8m	88.7m
Net per share	4.12	4.42

FOXBORO

	1980 $	1979 $
Second quarter		
Revenue	124.0m	122.5m
Net profits	6.8m	10.0m
Net per share	0.80	1.21
Six months		
Revenue	235.3m	227.6m
Net profits	12.8m	17.3m
Net per share	1.54	2.09

INTNL. FLAVORS & FRAGRANCES

	1980 $	1979 $
Second quarter		
Revenue	123.4m	111.9m
Net profits	19.0m	18.0m
Net per share	0.52	0.48
Six months		
Revenue	245.2m	213.5m
Net profits	37.3m	33.5m
Net per share	1.02	0.91

LINCOLN NATIONAL

	1980 $	1979 $
Second quarter		
Revenue	692.0m	598.0m
Net profits	43.13m	44.99m
Net per share	1.99	1.89
Six months		
Revenue	1.34bn	1.18bn
Net profits	82.24m	79.18m
Net per share	3.79	3.32

MARYLAND CUP

	1980 $	1979 $
Third quarter		
Revenue	161.4m	138.1m
Net profits	7.53m	6.66m
Net per share	1.12	0.99
Nine months		
Revenue	404.2m	339.1m
Net profits	13.29m	17.9m
Net per share	1.98	2.67

MOHASCO

	1980 $	1979 $
Second quarter		
Revenue	183.8m	188.0m
Net profits	†1.5m	1.4m
Net per share	†0.24	0.22
Six months		
Revenue	362.8m	358.5m
Net profits	†1.5m	1.3m
Net per share	†2.24	0.29

† Loss

RAYMOND INTERNATIONAL

	1980 $	1979 $
Second quarter		
Revenue	158.0m	183.0m
Net profits	1.4m	3.8m
Net per share	0.30	0.80
Six months		
Revenue	281.0m	337.1m
Net profits	66,000	8.12m
Net per share	0.01	1.70

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	88	88½	−0⅛	−2¼	12.91
CECA Grad. Rate 12 86	100	97⅝	98⅛	0	−0⅝	11.74
CECA 11⅝ 90	50	95½	96½	−0⅛	−0⅝	12.34
CECA 11½ 88	100	98	98½	+0⅛	−1⅛	11.83
Citicorp O/S Fin. 10 86	300	92⅛	92⅝	−0⅛	−2⅜	11.86
Con. Illinois O/S 9¾ 86	150	91⅛	91⅝	0	−2½	11.85
Denmark 11⅞ 90	100	96⅜	96⅞	−0⅛	−1⅞	12.34
Dome Petroleum 13½ 92	50	100⅝	101⅛	+0⅛	−1⅜	13.32
EEC 11 95	75	92⅜	93¼	−0¼	−2⅝	12.02
EIB 11¾ 92	80	94	94½	−0⅛	−2⅝	12.70
EIB 13¾ 90	100	104⅝	105⅛	+0⅛	−1⅜	12.80
Eksportfinans 11¼ 87	50	97¾	98¼	−0⅛	−1½	11.67
Eksportfinans 9½ 87	75	90	90½	−0¼	−2⅛	11.62
Elec de France 10 88	125	92⅜	92⅞	+0⅛	−2⅛	11.46
Export Dv. Cpn. 12¼ 87	100	104	104½	−0¼	−1⅞	11.78
Export Dev. Cpn. 9½ 86	150	92⅜	92¾	−0⅝	−2⅝	11.39
Federal Dev. Bk. 12¼ 85	75	102	102½	0	−1⅝	11.58
Fin. Exp. Credit 10½ 85	50	96	96½	0	−1	11.53
Finland Rep. of 9½ 86	100	89¾	90¼	0	−1⅜	12.02
Ford O/S Fin. 12⅜ 85	250	98¼	98¾	0	−1⅛	13.03
George Weston 13½ 87	30	100⅝	101⅛	−0¼	−1⅞	13.27
GMAC O/S Fin. 11 84	100	98⅜	98⅞	+0⅛	−0⅞	11.38
GMAC O/S Fin. 13⅜ 85	100	104⅛	104⅝	−0⅛	−1¼	12.05
Goodyear O/S 12½ 87	75	97¼	97¾	0	−1	13.05
Hudson's Bay 11½ 90	75	95⅛	95⅝	−0⅛	−2⅝	12.32
IBM Canada 10½ 85	50	98	98½	0	−1½	10.97
ICI Fin. Ned. 11 83	100	99⅛	99⅝	−0⅛	−1	11.23
McGraw 13½ 85	75	100⅝	101⅛	0	−1⅛	13.19
Norwest Ind. 13⅝ 87	50	99⅞	100⅜	+0⅛	−0¼	13.56
Nova Scotia 10¾ 90	50	91½	92	0	−2⅞	12.22
OKB 10 85	50	96¼	96¾	0	−1⅛	10.95
Pembroke Capital 9⅝ 87	100	92⅜	92⅞	−0⅛	−1⅛	11.20
Pemex 11½ 88	100	95⅜	96⅛	−0¼	−1½	12.33
Quebec Hydro 11½ 92	100	94	94½	−0⅛	−2½	12.44
Repsteel O/S 11½ 88	100	90⅜	90⅞	−0⅛	−1⅜	13.49
Roylease Ltd. 11¼ 85	50	98⅜	98⅞	−0¼	−1⅜	11.62
SNCF 12⅜ 85	50	102⅝	103⅛	+0⅛	−1⅛	11.49
Swed. Ex. Cred. 12½ 85	40	101½	102	+0⅛	−1¼	11.96
US Finance BV 11 90	50	88⅜	88¾	0	−2¼	13.13
Unilever NV 9¾ 90	100	88½	89	−0⅛	−2¼	11.72
World Bank 9¾ 85	200	95⅛	95⅝	+0¼	−1⅛	11.01
World Bank 10⅝ 87	300	95⅛	95⅝	+0¼	−1⅝	11.24

Average price changes... on day −⅛ on week −1⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102¾	103¼	−0¼	−0⅜	8.51
Australia 8⅛ 90	250	103	103¾	−0⅛	+0½	7.60
BFCE 7¾ 87	100	99½	100¼	−0⅛	+0⅛	7.76
BFCE 8⅛ 95	100	100⅛	100⅞	−0¼	0	8.06
Brazil 8 87	150	93⅛	93⅞	−0⅛	−0⅛	9.31
Council of Eur. 7¾ 89	100	96⅛	96⅞	0	−0⅛	7.81
Denmark 7⅞ 86	100	99	99½	−0⅛	+0¼	8.03
Denmark 8¼ 92	100	99¼	100	−0¼	+0⅛	8.29
EEC 7⅞ 94	225	99¼	100	0	−0½	7.91
EIB 7½ 89	200	97¾	98½	+0⅛	−0⅛	7.80
Finland, Rep. of 8 86	150	99⅝	100⅛	0	+0¼	7.99
Kobe, City of 7⅛ 89	150	96⅛	96⅞	+0¼	+0¼	7.67
Kobe, City of 8 90	100	100½	100⅞	−0⅛	−0½	7.90
Mt. Bk. Denmark 8½ 90	150	100⅛	100⅝	−0½	−0⅞	8.44
Norway 7½ 85	250	100⅛	101⅛	0	+0½	7.28
OKB 7⅛ 89	100	96⅜	97⅛	0	0	7.88
OKB 8¼ 92	150	100⅝	101⅛	−0¼	−0⅛	8.13
Oslo, City of 8¼ 90	80	102⅜	102⅞	0	−0½	8.33
Sweden 9⅜ 87	200	107½	108¼	+0⅛	+0½	8.15
World Bank 7¾ 91	400	98½	99¼	0	−0⅞	7.90
World Bank 7⅞ 90	250	99⅛	99⅝	−0¼	−0¼	7.96
World Bank 10 88	150	108⅞	109⅜	−0⅛	−0½	7.82
World Bank 10 90	200	112¾	112⅞	+0⅛	0	8.09

Average price changes... on day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94	94½	−0⅛	+0⅝	6.36
Bergen, City of 4¾ 91	40	93	94	−0⅜	−1⅞	5.56
Bergen, City of 6 90	50	103½	103¾	+0½	−0½	5.51
BNDE 5 89	75	84½	84¾	−1¼	−1⅛	7.41
BMW Overseas 4¼ 91	100	92¾	93	+4¾	−0½	5.10
Buhrm'n-Tetterode 7 90	40	105	106	−0¼	−1¼	6.23
Caisse Nat. Tele. 4¾ 89	100	94¼	94½	−0⅛	−0⅛	5.17
Copenhagen 4½ 91	60	90⅜	90⅞	0	−0⅜	5.66
Council of Eur. 5 89	100	95¼	95½	0	−0⅛	5.65
Denmark 5¾ 90	80	99⅛	99¾	−0⅛	−1¼	5.85
EIB 4½ 91	100	92	93	−0⅜	0	5.43
EIB 4⅝ 94	100	88	88½	−0⅞	−0¼	5.62
Elec. de France 4¾ 89	100	94⅛	94⅞	−0¼	−1¼	5.14
F. G. H. Hypo. Bk. 6 90	50	†102¾	103	−0⅞	−0⅜	5.61
GZB 4¼ 89	100	91½	92	−0¼	−0⅝	5.41
Hilti 4½ 91	35	93	94	0	−0¼	5.02
Int.-Amer. Dev. 4½ 89	100	91¾	92	+0¼	−0¾	5.68
Int.-Amer. Dev. 7 90	80	106	106½	−0⅛	−0½	6.12
Jutland Tele. 5½ 90	50	100⅛	100⅝	+0⅛	−0½	5.46
Malaysia 5 89	80	88½	89	−0⅛	+0¼	6.65
Newag 5⅜ 90	80	101⅛	101⅜	−0½	−1¼	5.58
Nippon Tel. & T. 4¼ 89	100	95	95½	−0⅛	+0½	4.90
Nordic Bank 5 89	45	96	96½	−0⅛	−2	5.54
Norges Komm. 4⅞ 91	100	93	93¼	+0½	+0⅞	5.20
OKB 4⅝ 91	100	92½	92¾	0	+0½	5.31
OKB 6 90	100	103	103½	0	0	5.55
Oslo, City of 4⅝ 91	100	90	90¾	−0⅛	−0⅛	5.58
Sekisui Pre. Hms. 6 90	80	102⅜	102⅞	−0¼	−0½	5.66
Shikoku El. Pwr. 4¾ 89	100	96⅛	96½	+0⅛	−0½	5.23
World Bank 4⅝ 89	100	96¼	96¾	−0¼	−0¼	5.12
World Bank 4⅜ 89	150	91½	92	0	−0½	5.55
World Bank 4⅝ 91	100	92	92¼	+0¼	−0⅞	5.58

Average price changes... on day 0 on week −0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92	93¼	0	+0⅛	8.33
Australia 6½ 88	20	87¾	89	0	+0⅝	8.65
EIB 7¾ 89	12	95½	97	−0⅛	−0⅛	8.35
Finland 5.6 83	10	91¾	92⅜	0	+0¼	8.63
Finland 6.8 88	10	88⅜	89⅜	0	+0¼	8.86
Finland, Rep. of 8⅛ 87	15	96	97¼	−0⅛	−0⅛	9.05

Average price changes... on day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	93⅝	94⅛	0	−1⅞	12.20
CIBC 13½ 85 C$	50	101⅜	102¼	0	−1⅛	12.87
CIBC 11½ 85 C$	60	95⅞	96⅜	0	−1¼	12.59
Federal Dev. 11½ 90 C$	60	93⅞	94⅜	+0⅛	−1⅞	12.56
Fst. Can. Inv. 10 84 C$	50	92⅛	92⅝	+0⅛	−0¼	12.63
GMAC 12 86 C$	50	†97½	98	+0½	−0⅝	12.62
R. Bk. Canada 10 86 C$	40	92⅝	93⅛	−0⅛	−1⅜	11.74
Tordom Cpn. 13½ 85 C$	30	102⅛	102⅝	0	−0⅝	12.77
M. Bk. Dnmk. 9 91 EUA	25	93½	95	0	+0¼	9.85
SOFTE 8¾ 89 EUA	40	88¾	89½	0	+0⅛	10.23
U. Bk. Nrwy. 9½ 90 EUA	18	98¾	100	+0⅛	+0⅛	9.58
Algemene Bk. 8¾ 84 Fl	75	96⅜	96⅞	0	−0½	9.26
Algemene Bk. 10¼ 87 Fl	400	101	101½	−0½	−1	9.59
Bk. Mees & H. 10 85 Fl	75	100⅜	100⅞	−0⅛	−0⅞	9.93
Heineken NV 10 87 Fl	75	100½	101	−0¼	−0⅜	9.84
Ned. Gasunie 8¾ 84 Fl	50	100	100½	0	−0⅝	8.66
Norway 8¼ 84 Fl	100	96⅜	97⅛	−0¼	−0⅛	9.17
Philips Lamps 8¾ 84 Fl	75	96⅞	97⅜	−0⅛	−0⅛	9.23
Air France 11 84 FFr	120	†96¾	97¼	0	−0⅛	12.03
CECA 14¾ 86 FFr	150	†105¾	106¾	0	−1¼	12.59
Euratom 9¾ 87 FFr	150	85¾	86¾	0	+0⅛	13.01
Finland 11 84 FFr	80	†95¼	96¼	0	−0⅛	12.33
Finland 11½ 89 FFr	70	†93	94	0	−0⅛	12.72
Gaz de France 11 84 FFr	150	95⅝	96⅝	0	+0⅛	12.19
IBM France 11⅞ 84 FFr	120	†97½	98½	0	−0⅞	12.44
Renault 9¾ 85 FFr	100	87¼	88¼	0	+0⅛	13.29
Saint-Gobain 9¾ 86 FFr	130	86⅛	97⅛	0	0	13.37
Solvay et Cie 9¾ 87 FFr	125	84⅞	86⅞	0	+0⅛	13.13
Beneficial Fin. 14¼ 90 £	20	99¾	100¼	−0¼	−2⅛	14.22
Citicorp O/S 13½ 90 £	50	100	100½	0	−1⅜	13.41
EIB 11½ 91 £	25	92½	93½	0	−2⅛	12.73
Fin. for Ind. 12½ 89 £	30	96⅞	97⅞	−0¼	−2⅛	13.09
Fin. for Ind. 14½ 88 £	20	103¼	103⅞	−0¼	−1⅛	13.66
Gen. Elec. Co. 12½ 89 £	50	98⅛	98⅞	0	−1	12.78
Swed. Ex. Cr. 15⅛ 85 £	20	104⅜	104⅝	−0½	−1⅛	13.86
Banobras 8¼ 90 KD	7	†95⅛	95⅝	−0⅛	−0⅛	8.97
CCCE 8⅛ 91 KD	10	†93⅞	94⅜	0	0	8.89
Mitsubishi 7½ 84 KD	10	*†94¼	95	0	−0¼	9.17
Sonatrach 8½ 90 KD	12	†94⅞	95⅜	+0¼	+0¼	9.27
Akzo 9¼ 87 LuxFr	500	95¼	96¼	+0¼	+0¼	10.08
Euratom 8 87 LuxFr	500	89⅞	90⅞	+0¼	+0⅛	10.04
Euratom 9¾ 88 LuxFr	500	98⅛	99⅛	+0¼	+0¼	9.98
EIB 9¾ 88 LuxFr	600	98⅝	99⅝	+0¼	+0⅛	9.90
Volvo 9¾ 87 LuxFr	500	96⅜	97⅜	+0⅛	+0⅛	10.31

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	98⅛	98⅝	2/1	10.44	10.61
Bank of Ireland 5¼ 89	‡0¼	97⅝	98¼	21/8	11.81	12.07
Bank of Tokyo 5¼ 89	‡0⅛	96⅜	96⅞	25/10	16.56	17.14
Barclays O/S Inv. 5 90	0¼	97⅛	97⅝	13/12	9⅝	9.88
Bergen Bk. A/S 6 89	‡0¼	96⅝	97⅛	29/8	10	10.32
Bilbao Int. NV 5¾ 90	0¼	96¾	97¼	29/11	10.06	10.37
Citicorp O/S F. 83	§‡0	99	99½	23/8	10.19	10.26
Citicorp O/S F. 84	‡0	98½	99	30/7	9.69	9.81
C. Itoh 5¼ 87	0¼	99⅛	99⅝	18/9	19.44	19.56
Co-operative Bk. 6 86	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	96⅞	97⅜	14/9	9.44	9.72
CNT 5¼ 85	§0¼	100⅛	100⅝	16/10	18⅛	18.06
GZB 5½ 89	‡0¼	97½	98	1/8	15¼	15.66
Jugobanka 8 89	0⅞	90¼	92¼	23/11	11⅜	12.74
Ind. Bank Japan 5¼ 87	0¼	99½	100	15/10	18¾	18.80
Lloyds Eurofin 8 90 £	0¼	97⅛	97⅝	3/1	15⅝	16.17
LTCB Japan 5¼ 86	0¼	98	98½	13/12	9⅝	9.80
LTCB Japan 5½ 89	0¼	97¾	98¼	7/12	10⅛	10.33
Mfrs. Han. O/S 5¼ 94	‡0¼	97	97½	31/8	9⅞	10.15
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/12	9½	9.68
Midland Intl. Fin. 5¼ 92	0¼	98	98½	5/12	10⅞	11.07
Nacional Fin. 6¼ 86	0¼	97¼	97¾	25/1	9.68	9.94
Nat West. 5⅜ 94	§0¼	99½	99⅝	11/10	18⅝	18.74
Nippon Credit 6½ 86	0¼	97⅛	97⅞	12/1	9.56	9.82
Nippon Credit 5¼ 87	‡0¼	97⅜	98⅜	6/8	14⅝	14.69
Royal Bk. Scot. 5¼ 94	§‡0¼	97¾	98¼	11/10	9.31	9.56
Soc. C. de Bque. 6½ 87	0¼	99⅝	100¼	3/10	20.06	20.09
Standard Chart. 5¼ 90	0¼	98¼	99¼	6/9	17¼	17.42
Svenska Hndlsbk. 5 87	0¼	98¼	98⅞	15/1	10	10.15
Sweden 8¼ 91	‡0¼	95⅞	96⅛	18/10	18⅛	19.38
Williams & Glyn 5¼ 91	0¼	98⅛	98⅝	14/9	18½	18.78
Bq. E. d'Alg. 4¼ 89 SF	0⅛	90½	91½	18/12	6⅛	6.73

Average price changes... on day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†119	120	−1	−8.09
Ajinomoto 7¾ 95	2/80	615.5	108⅛	109⅝	0	−2.21
Alco Int. Fin. 9½ 94	1/80	40	94¼	95¼	−0½	27.09
Apache I. Fin. 8¾ 95	12/80	21.12	†112	113½	−1½	1.86
Asahi Optical 7 94	11/79	526.1	96¾	97½	−0½	1.49
Blocker Energy 8¾ 95	1/81	21.87	94¼	95½	0	20.31
Canon 6¾ 94	8/79	570	104⅞	105⅞	−0⅛	1.11
Credit Suisse 4¾ 93	10/79	1278	106⅝	108⅛	0	−3.14
Daiei Inc. 6½ 94	11/79	927.3	97¾	98⅞	−0⅛	22.50
DDKK 11 90	4/80	324	105⅞	106⅞	0	13.20
Dynalectron 9½ 95	8/80	12.22	†102	103½	−1½	6.86
Ensearch Fin. 9½ 94	7/80	30.25	123	124	−0½	1.32
Meidensha Elec. 7 94	12/79	210	99	100¼	0	11.72
Mitsubishi Cp. 6½ 94	10/79	549.1	119¼	120¼	−0⅛	0.05
Nippon Seiko 7¼ 94	12/79	339	†105¼	106¼	−0½	−0.89
Toshiba Cpn. 7¼ 94	10/79	198	97⅞	98⅞	+0¼	3.91
Union Bk. Switz. 5 89	2/80	121.4	96⅞	98¼	+0⅛	−3.35
Fujitsu 5 84 DM	7/79	475	101⅞	102⅜	−0¼	3.49
Kansai Elec. 4 84 DM	4/79	1210	86⅞	87⅜	0	39.75
Sharp Cpn. 6½ 88 DM	9/80	595	100½	101	−0½	9.77
Uny Co. 6½ 85 DM	11/79	1071	99	99⅜	+0¼	26.21

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated: Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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BORROWER PROFILE

YUGOSLAVIA

Decks cleared for a major funding

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE DECKS have now been cleared for a major foreign fund raising operation by the National Bank of Yugoslavia. This follows approval by Parliament of a new law which allows the central bank to borrow abroad on a long term basis. Hitherto, the central bank has been limited to short term borrowing of up to one year.

At the same time government and central bank representatives have been visiting major international finance centres briefing governments, and both central and commercial banks about Yugoslav economic policy and future borrowing requirements.

Last month Mr. Petar Kostic, the Finance Minister, Mr. Ksente Bogoev, Governor of the National Bank, and Mr. Zoran Zagar, chairman of the parliamentary Credit and Monetary Committee, met financiers and politicians in Washington and New York.

A few days later Mr. Ilija Marjanovic, Deputy Governor of the National Bank, flew to London for similar talks with the Bank of England and major commercial banks prominent in Yugoslav lending.

The bare bones of the Yugoslav presentation were revealed last week in an interview by Mr. Bogoev with the Yugoslav news agency Tanjug. He revealed that Yugoslavia's foreign currency reserves have dropped below $2bn compared with $3.2bn at the end of 1978. The outflow reflects partial financing of last year's record $3.6bn current account deficit, more than three times the planned deficit of $1bn for the year. This year's target is for a $2bn deficit and it was to achieve this that the Government devalued the dinar by 30 per cent on June 5 and has insisted on a drastic cut in investment expenditures and public sector spending.

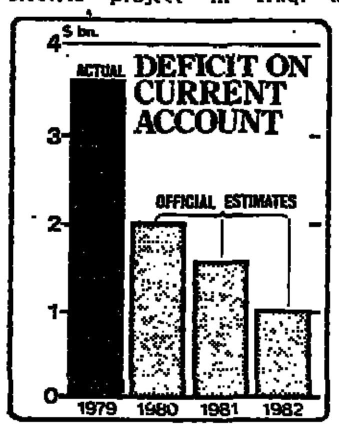
The Governor revealed that Yugoslavia's net foreign debt rose to $15bn at end 1979 compared with $11.8bn a year earlier. He added that 21 per cent of Yugoslavia's total foreign currency earnings over the last two years were used to service the debt. As over 40 per cent of Yugoslavia's foreign trade takes place with the communist bloc, the debt ratio to hard currency earnings is considerably higher, although trade with several Comecon countries like Hungary and Poland is done on a dollar basis.

Higher oil prices have compounded Yugoslavia's payments problems. Over half this year's export revenue, or some $3.5bn, will be spent on purchasing the 12m tons of oil Yugoslavia imports in addition to its domestic production of just over 4m tons.

To compensate for this, Yugoslavia has made extensive efforts to increase exports to the Arab oil producing states in particular. Exports to these countries rose 59 per cent over the first six months to $496m but imports rose 51 per cent to $770m, mainly because of higher oil prices.

Roughly one third of Yugoslav oil imports come from the Soviet Union, but again this oil is paid for on a hard currency basis at world prices. Exports to the Soviet bloc also rose sharply over the first half. Growth in Comecon and Middle East trade combined accounted for the bulk of the 32 per cent increase in overall Yugoslav exports over the first half when imports rose only 8 per cent. In volume terms exports over the first six months rose 12 per cent while imports were 11 per cent lower, a situation reflected in shortages of coffee, detergents, and many other products on the domestic market.

Yugoslav enterprises are currently bidding for several major contracts in the Arab states of which the most important are $1bn hydro-electric project in Iraq, a



$1.2bn project for a 1,200 km railway line in Libya, and a $600m dam construction contract in Jordan. Yugoslav construction companies have a good track record in terms of Third World projects and overall penetration of developing world markets has been aided by close political links forged through its membership of the non-aligned movement.

Yugoslavia originally planned to have 25 per cent of its trade with developing countries by 1980, but the proportion has in fact only risen to around 15 per cent. A major effort is now taking place to reach the original target. Exporters are also being encouraged to take the maximum advantage of the new five-year trade agreement with the EEC which was signed earlier this year.

At the same time some of the main objectives of the June devaluation were to increase tourist revenue, encourage the banking of worker remittances in Yugoslavia, and encourage import substitution.

The scope for the latter is currently rather limited, however. This is due to the high import dependency of Yugoslavia's manufacturing sector which has been built up largely on the basis of western patents, joint ventures, and the incorporation of western equipment and sub-assemblies in finished exports.

Over the next five years, however, the authorities and self-managing enterprises are planning a major re-structuring of the Yugoslav economy. The aim is to reduce import dependency, develop indigenous coal, hydro and other power sources, and inject more funds into other mineral and resource projects and the agricultural sector.

Continuing foreign borrowing will be required to ease this transition period without imposing dangerous social and political strains caused by rising unemployment, high inflation, and general austerity.

The authorities are believed to be seeking a total of $2bn from foreign banks and institutions this year and some $7bn over the five-year period as a whole. By tighter fiscal and financial controls over the economy, however, the authorities hope to reduce the payments deficit steadily from a targeted $2bn this year to $1.6bn next year and around $1bn by 1982. By the end of the plan period the hope is that Yugoslavia's economy will have reached the point where a reduction of debt can begin.

Costs hold Nippon Denso in check

By Yoko Shibata in Tokyo

NIPPON DENSO, Japan's largest manufacturer of electrical equipment for cars, and a member of the Toyota group, experienced slow growth in profits for its interim period ended June 30. The slowdown was caused partly by increased raw materials costs.

Operating profits increased by 3 per cent to Y26.55bn ($117.5m) while net profits rose by 1.2 per cent to Y12.81bn. At the per share level there was an actual reverse—to Y97.11 (as an annual basis) from Y110.34 a year before.

Sales were Y262.75bn ($1.16bn), up 17.7 per cent. Sales of air conditioners rose by 13 per cent to account for 41.6 per cent of the total. Electrical automobile equipment accounted for 27 per cent, up from 24 per cent last year. Sales of components to Toyota Motor (for new cars) accounted for 38.1 per cent of the total, while sales to Toyota Motor Sales (dealer installations and replacement parts) accounted for 21.2 per cent.

Operating profits for the full year are expected to emerge at Y48bn, down 9 per cent, on projected sales of Y510bn.

Barlow overhauls sugar and packaging interests

BY JIM JONES IN JOHANNESBURG

BARLOW RAND and Anglo American Corporation are to reorganise their sugar and packaging interests in a series of deals worth R136m ($177m).

Completion of the deals will leave the two companies — Barlow, South Africa's major industrial conglomerate, and Anglo, a major mining house —in control of around 40 per cent of the local sugar industry.

Anglo is effectively to pay R97m to Barlow in return for a 53.5 per cent shareholding in Hulett's Corporation, the sugar and industrial group which accounts for some 30 per cent of South Africa's sugar production.

On completion of this deal, Hulett's will in turn sell its packaging subsidiary, Hypack and Containem, to the Barlow group for R39m.

Basically, the agreement is that C. G. Smith Investments (which is 66 per cent owned by C. G. Smith and Co., in which in turn Barlow Rand owns 84 per cent of the voting shares) is to sell its 50 per cent interest in the unquoted company, S & T Investments, to Anglo.

The other 50 per cent of S & T is owned by Tongaat, which in turn is already 17.4 per cent owned by Anglo. S & T's main interest is a 53.5 per cent stake in Huletts. For its part, Tongaat produces just over 10 per cent of South Africa's sugar.

In order to rationalise the Smith group cross-holdings, it is proposed that Smith Sugar become the beneficial owner of the capital of Smith and Co. and Smith Investments. Barlow will become the holding company of Smith Sugar, which will change its name to S. G. Smith.

Offers in shares or cash are to be made to minority shareholders in Smith Sugar and Smith Investments.

At the same time Huletts will transfer—on two years' notice—to Smith Sugar 50 per cent of the Sucrose quota of its Mount Edgecumbe mill in Natal, and grant Smith Sugar an option to acquire 35 per cent of Hulett's interest in the Zimbabwe-based sugar producer, Triangle.

For Barlow effective control of Hulett's packing interests further consolidates the group's leading position in the South African packing industry.

Sudan role for Morgan Grenfell

By James Buxton

THE BANK OF SUDAN, the Sudanese central bank, has appointed Morgan Grenfell to advise it in its negotiations on the rescheduling of its outstanding debt to commercial banks.

Negotiations with a group of Western banks began last autumn and formal talks with the Sudanese Minister of Finance ended without agreement in December. Since then a series of informal talks with the Sudanese authorities have taken place and the creditor banks are reported to be close to formulating a structure for an agreement.

Following its appointment to advise the Bank of Sudan, Morgan Grenfell has asked creditor banks to give details of Sudanese indebtedness to them. The London merchant bank is understood to need additional information further to that requested by the Sudanese authorities last autumn, in order to determine the dividing line between arrears on debt and current payments due.

The commercial debts under negotiation on which arrears have steadily built up, range from Eurodollar loans to small trade credits, and amount to more than $400m. Last November Sudan obtained what were considered favourable terms for rescheduling its debt to western export credit agencies in the Club of Paris over a seven-year period. The amount involved was roughly estimated at $400m.

Sudan's negotiations with the Western banks broke down last December because Sudan regarded the banks' demand for payment of arrears of interest and regular payment of current and refinancing interest, in return for rescheduling of the debt over a seven-year period with three years grace, as impossible to fulfill. In the meantime the banks are believed to have moderated their position.

Earlier this year a new banker, Sheikh Hassan Bilail, more effective than his predecessor, was appointed governor of the Bank of Sudan, to complement the determined Minister of Finance, Mr. Badr el-Din Suleiman, who was appointed last August.

First half earnings rise at Comalco

By James Forth in Sydney

COMALCO, the Australian aluminium company, lifted profits by 55 per cent from A$20.8m to A$32.2m (U.S.$37.4m) in the half year to June buoyed by strong domestic and overseas markets. The interim dividend is raised from 5 cents a share to 8 cents and is well covered by earnings a share, up from 12.7 cents to 19.66 cents. Group sales rose 38 per cent to A$339m (U.S.$394m).

The directors of Comalco, which is controlled by the Rio Tinto Zinc offshoot, CRA, and Kaiser Aluminium, said the group had stuck to its policy of relating primary metal prices in Australia to stable representative producer prices. They added, however, that shortages of metal during the period made it necessary for substantial purchases on international markets to meet export commitments.

WORLD STOCK MARKETS

NEW YORK

Firmer early Wall St. trend

THE TONE became somewhat firmer on Wall Street yesterday *morning in active dealings*, with profit-taking, that had particularly depressed major Oil issues for several sessions, apparently abating.

The Dow Jones Industrial Average registered an improvement of 3.16 at 934.22 at 1 pm, while the NYSE All Common Index picked up 27 cents to $69.47. *Trading volume* increased to 31.61m shares from Monday's 1 pm figure of 28.17m.

Analysts said the market is still overdue for a correction, but no one would predict when the pull-back might gain momentum.

Several Oil issues showed small gains, while **Superior Oil** bounced up $4 to $161.

Technology issues, the other bellweather group recently, showed good gains at mid-session. **Tandy** moved ahead 2½ to $150½. **Texas Instruments** 2⅝ to $119¼ and **Digital Equipment** $1 to $80.

Aerospace issues encountered fresh support. **General Dynamics** rose 1¼ to $74¼ and **Litton** $1 to $59.

Koehring advanced 12½ to $36 on news of an agreed $37 a share tender offer planned by a U.S. subsidiary of **Dominion Bridge**, of Montreal.

Delhi Oil, which said its directors are studying the possibility of selling the company or merging, jumped 9½ to $67½ on the American Stock Exchange.

Computervision fell 1⅞ *to* $82⅞. The stock has risen sharply lately and the company yesterday announced plans for a share offering.

Belco Petroleum climbed 1¼ to $43⅞ on reporting higher earnings.

THE AMERICAN SE Market Value Index recovered 2.49 to 313.02 at 1 pm on volume of *3.20m* shares (3.35m).

Closing prices for North America were not available for this edition.

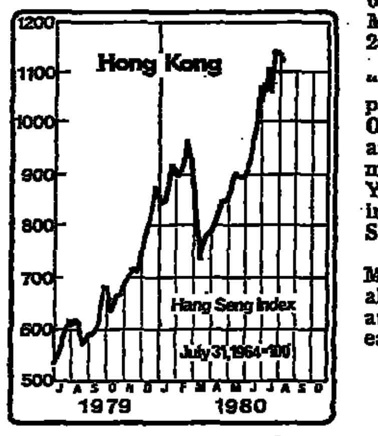
Canada

Shares on the Toronto market, which was closed on Monday for the Civic Day holiday, displayed a downward tendency early yesterday. The Toronto Composite Index shed 6.1 to 2,187.0 at mid-session, while the Oil and Gas index retreated 71.7 to 4,828.4.

Texaco Canada declined C$2 *to* C$124. **Dome Petroleum** 1¼ to C$84½ and **Acquitaine of Canada** 1⅝ to C$64.

Hong Kong

Following the holiday-extended weekend, the market suffered a further sharp and widespread setback yesterday in another active trade, although there was some recovery during the afternoon. The Hang Seng Index, *down 22 points last Friday, fell* more than 37 points in the first hour of trading yesterday before finishing 23.89 weaker on the day at 1,120.38. This compares with the closing seven-year high of 1,168.74 recorded last Wednesday. Turnover on the *four* exchanges amounted to HK$377.95m, against last Friday's HK$406.66m.



The early fall was attributed to worries about interest rate differentials between Hong Kong and the U.S. following the U.S. Chemical Bank's decision on Monday to raise its Prime Rate to 11 per cent from 10¾. The Hong Kong Exchange Banks Association interest rate sub-committee recently announced a reduction in *Hong Kong Prime Rate to 10 per* cent from a previous 12 per cent.

Cheung Kong lost 60 cents to HK$20.40, **Hongkong Wharf** HK$2.50 to HK$71.50, **Jardine Matheson** 60 cents to HK$20.30, **Hongkong Bank** 30 cents to HK$17.50, **Hong Kong Land** 40 cents to HK$14.40 and **Hutchison Whampoa** 50 cents to HK$11.60.

Green Island Cement shed 50 cents to HK$61.50, **Winsor** 17.5 cents to HK$3.45 and **Cross Harbour** 40 cents to HK$10.80.

Tokyo

Stocks finished with a slightly firmer bias after a fair business volume of 280m shares, up from Monday's 170m. The Nikkei-Dow Jones Average, down 40.23 the previous day, picked up 7.45 to 6,760.85, while gains on the First Market section led declines by 265 to 218.

Resources-related issues met "cheap" buying and recouped part of Monday's falls. **Nippon Oil**, down Y100 the previous day after a deterioration in its margin trading position, rallied Y40 to Y1,240. **Teikoku Oil** improved Y10 to Y1,010 and **Showa Oil** Y7 to Y335.

Constructions, Non-ferrous Metals and Electric Cables were also higher, but Light Electricals and Trading Houses tended to ease.

Australia

Resources issues closed easier for choice, but there were some bright spots in the Oils sector, while several Gold issues strengthened on the firmer overnight Bullion price.

News that **Hartogen's Kincora** No. 20 well had flowed 3.9m cu ft of gas pushed the stock 10 cents higher to A$4.70. **Woodside Petroleum** advanced 17 cents to A$2.80.

Among Shale Oil stocks, however, **Central Pacific** lost A$2 to A$60, Rundle partner **Southern Pacific** A$1.00 to A$21.50, **Esperance** 30 cents more to A$3.70 and **Greenvale** 30 cents to A$3.00.

In the *Mining* sector, **Bougainville** put on 10 cents to A$2.40, **Peko-Wallsend** 20 cents to A$8.50 and **Western Mining** 4 cents to A$5.40, but **Utah** receded 10 cents to A$5.00 and **Coal and Allied** 50 cents to A$11.50.

Among firmer-inclined Industrials, **Uniroyal** put on 10 cents to A$1.50 on news of plans by the U.S. parent to sell off its holdings in the local company. ***Rothmans*** gained 10 cents to A$2.55.

Germany

Bourse prices showed a tendency to improve, with *interest centred on Bank shares*. The Commerzbank index hardened 1.6 to 739.9.

Dresdner Bank put on DM 2, **Deutsche Bank** DM 1.80 and **Commerzbank** DM 1.90.

Stores staged a partial recovery from Monday's falls, with **Horten** and **Karstadt** gaining DM 1 and **Neckermann** rallying DM 2.

Public Authority Bonds weakened, recording declines extending to 45 pfennigs. The *Bundesbank bought* DM 9.3m nominal of paper after purchases of DM 1.4m the previous day.

Johannesburg

C. G. Smith Sugar featured among generally firmer Industrials with a rise of R2.00 to R14.50 on news of its reorganised interests after a R96.7m *deal involving* **Huletts**, unchanged at R6.80. **Barlow Rand**, which has sold its Huletts stake to Anglos, shed 10 cents to R10.90, but Anglos were 10 cents harder at R18.40.

Gold shares firmed but closed below the day's best after fairly active trading, registering net gains ranging to 150 cents.

CANADA

BELGIUM (continued)

HOLLAND

DENMARK

FRANCE

GERMANY

AUSTRIA

ITALY

NORWAY

SWITZERLAND

SWEDEN

BELGIUM/LUXEMBOURG

AUSTRALIA

JAPAN (continued)

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

Indices

NEW YORK —DOW JONES

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Farmland prices still increasing

BRITISH farmland prices have risen to still higher peaks. Provisional figures published yesterday by the Agriculture Ministry put the average price of vacant possession agricultural land changing hand in the three months to June this year at £4,377 a hectare. This compares with the £4,300 a hectare record set in the March-May period.

The Ministry's land price index, which allows for the regional and area size group composition of reported sales, rose seven points to 227 points, also a record.

According to the Ministry the figures, based on sales covering 8,909 hectares, indicate that "there has been no clear trend in the price of agricultural land during the past 12 months."

Details of land transactions covered in the sample are collected by the Ministry's agricultural development and advisory service, the Agricultural Mortgage Corporation, and the Country Landowners' Association.

Sugar values continue to rise

BY RICHARD MOONEY

THE RECOVERY in world sugar values continued yesterday with the London daily raws price rising another £20 to £322 a tonne. Meanwhile, the January position on the London futures market gained a further £12.875 to £354.25 a tonne, taking its rise in the past seven trading days to nearly £60.

Dealers said speculators who had sold out during the recent sharp decline appeared to be getting back into the market. After finding support at recent lows sentiment had become more "bullish," they said. As a result constructive factors which might have been ignored during the decline were serving to encourage new buying.

Yesterday reports of Venezuelan buying, continued reaction to the disappointing West German beet test and talk of Thailand purchasing sugar all helped to boost prices.

Some traders suggested that the market had over-reacted to the German test result. They said the gap between average beet weights this season and at the same stage last season was larger than expected it might not appear so significant by harvest time when the beets will be much bigger.

The talk of Thai buying was more interesting, however, as it indicated that the authorities were still worried about the domestic supply shortage which caused suspension of exports for two months earlier in the season.

Meanwhile, the Mauritian Chamber of Agriculture released its latest crop estimate which put 1980 output at 555,000 tonnes against 730,169 in 1979. In its latest bulletin it said there were no sugar exports in June this year against 14,468 tonnes in the same month last year.

In Sydney, Mr. John Desmarchelier, general secretary of the Proprietary Sugar Millers' Association, said the Australian sugar cane crush was going "reasonably well." More than 5m tonnes had been processed so far and a total crush of 24m tonnes was expected this season, he said. In 1979 the crush totalled 21.15m tonnes.

Mr. Desmarchelier said the sugar content in the cane was slightly lower than expected.

London coffee bounces back

LONDON COFFEE futures bounced higher yesterday wiping out Monday's £50 fall which had taken prices to four-year lows. By the end of the day the November position had climbed £74 to £1,236.5 a tonne.

Dealers could offer no clear explanation for the upsurge, however, though they suggested producer support buying might have been involved and that the market could have become "oversold" in the course of the recent sharp decline.

Cheese market prospects 'improving'

By Our Commodities Staff

PROSPECTS FOR the UK cheese market are better now than for some time, said Mr. Alan Jones, managing director of the provisions division of Adams Foods, which is Britain's main importer of Irish cheddar.

He said stocks and imports were lower and with consumption improving, prices were gradually rising.

Total UK cheese stocks at the end of May were 91,259 tonnes, about 8,500 down from a year earlier. Mr. Jones said the "age profile" of these stocks was healthy and there should be few "problem parcels" to dispose of. UK cheddar production in the January to May period were 1,000 tonnes up on last year at 73,400 tonnes but the increase had come in the first two months and March/May output had been lower than in 1979.

He said the Irish cheddar price, which went up £60 a tonne (2.7p a pound) at the wholesale level this week, was likely to rise another £50 a tonne in the autumn.

Tanzania hits out at 'congested' port claim

TANZANIA has denied Zambian reports that the port of Dar Es Salaam is too congested to handle Zambian copper exports from the Tanzania-Zambia railway.

The official Daily News said the reports were "a childish lie."

Last week the Times of Zambia said more copper shipments were being diverted through South African ports due to congestion at Dar Es Salaam.

"It is a childish lie to say the port is congested. As at the weekend there were only three ships waiting to discharge cargo," the Daily News said.

Peter Bakilana, harbour authority general manager, was quoted in the government newspaper as saying the Zambian report was "malicious propaganda by the South African regime aimed at taking over the handling of Zambian copper shipments."

Mr. Bakilana said there were 27,000 tonnes of copper, the source of nearly 90 per cent of Zambia's foreign exchange earnings, lying at the port but this was "comfortable cargo. It is chicken-feed compared with our shipping ability."

The port had never failed to ship Zambian copper and last month it moved 55,618 tons of the metal, he added.

Cocoa crop surplus estimate raised

By Our Commodities Staff

THE International Cocoa Organisation's (ICCO) secretariat has raised its estimate of the 1979-80 world cocoa crop surplus above the 41,000 tonnes it forecast in March.

It has not given a new figure but says developments in producing areas since the last meeting of the statistical committee will lead to a bigger surplus.

Last month London merchants Gill and Duffus raised its 1979-80 surplus estimate to 154,000 tonnes from 134,000 estimated in April.

Last year Gill and Duffus put the world surplus at 60,000 tonnes while the ICCO calculated it at 61,000 tonnes.

In its latest quarterly bulletin the ICCO forecast another increase in world cocoabean grinding for the first quarter of 1979-80 crop year. It puts the total at 370,00 tonnes, 2 per cent higher than in October/December 1978.

This was the sixth successive quarter in which grindings increased.

Meanwhile, the UK Agriculture Ministry announced that UK grindings in the second quarter of this year totalled 15,800 tonnes, down 0.6 per cent from the same period in 1979.

Trading was again very quiet on the London futures market and the December position ended the day £1 higher at £1,021.5 a tonne. Values fell early in the day, partly encouraged by the strength of sterling, but rallied in late trading.

St. Lucia banana crop wiped out

LLOYD'S shipping agents in St. Lucia reported it is estimated the total St. Lucia banana crop was wiped out by Hurricane Allen, which caused extensive damage throughout the island.

About one-third of the buildings in the capital Castries and the north have been damaged

In Spalding, Geest Industries said St. Lucia's banana production last year was 48,000 tonnes.

Reuter

U.S. GRAINS

Substantial price rise likely

BY JOHN EDWARDS, COMMODITIES EDITOR, RECENTLY IN CHICAGO

FILL YOUR boots with grains. That was the clear message received from traders in Chicago—the heart of the world's grain futures markets. It was echoed by other farming interests in the U.S. who are convinced that grain prices are due for a substantial rise both in the short and long term.

The predictions of a short-term rise in grain prices are based mainly on the prolonged drought in many areas of the U.S. which has definitely affected the crops. It is impossible so far to assess exactly how badly crops have been hit. The report by the U.S. Department of Agriculture last week on the state of the crops, for example, came under heavy criticism from some experienced traders who considered that it was irresponsible in suggesting that much damage had been done to the crops based on rather flimsy evidence.

In spite of horror stories from some areas the fact is that at present maize (corn) crop conditions are not too bad in the three main states on the famed cornbelt in the U.S. midwest—Illinois, Indiana and Iowa.

The winter wheat crop, which provides the bulk of U.S. wheat output, is also in good shape with a large increase in plantings expected to produce a record outturn and offset the damage done to spring wheat by the drought conditions.

There is, however, a big question-mark over soyabeans, which are planted much later and, therefore, are receiving the full brunt of the drought.

It seems likely that the double crop soyabeans—those planted after winter wheat has been harvested—will be considerably reduced. Also, the delayed developments of the soyabean crop, as a result of the weather, means that it could be vulnerable to the kind of early frost that hit the crop so badly in 1974.

Alan London, grain analyst for Conti-Commodity Services, at a grains and oilseeds conference held in Lubbock, Texas, recently predicted a fall in the U.S. maize crop of about 7 per cent this year to 7.2bn bushels, primarily because of reduced yields.

Parry Dixon, an economist with the American Soybean Association, forecast a 12 per cent drop in the soyabean crop to 2bn bushels following reduced plantings and an expected cut in yields.

Rudy Gallat, director of research for Heinold Commodities, firmly believes that the U.S. crops have been badly affected this year. He pointed out that production of grain sorghum—an alternative to maize—has been seriously hit since it is mainly produced in the drought affected areas, notably Texas.

However, a warning note was sounded by Edward J. Mader, of E. F. Hutton commodity research. He noted that the upward trend in the soyabeans and maize futures market had been punctuated by several setbacks. These, he believes, indicate the crops are not as bad as some speculators fear. In the past these kind of price fluctuations have meant that the market would be vulnerable at a later stage. However, Mr. Mader agreed that if there was not sufficient rainfall in August the situation could become very serious.

Convinced

Duane Howell, respected farm editor of the Lubbock Avalanche-Journal, was far from convinced that the grain and cotton crops were yet disaster areas. He said that cotton grown under irrigation was in the main progressing very well. It was the dry-land cotton, accounting for about 50 per cent of the Key Texas crop that had been hit by the drought.

Much depends, for both soyabeans and maize, on whether the dry conditions last throughout August, when a more serious situation could develop. Even if there is adequate rainfall in the next few weeks it is now fairly certain that there will not be the kind of yields per acre for maize and soyabeans which have brought bumper crops in recent years.

The $64,000 question (and it could be a much larger figure) is how much any reduction in this year's crop will affect the total supply-demand balance. There are substantial carryovers from last season, including the sizable quantity of maize that the U.S. Government took over as a result of the embargo on sales to the Soviet Union. At the same time there is some uncertainty as to how much the economic recession, in the U.S. and elsewhere, will affect demand for grain products.

The feeling on the demand side is that any impact on consumption of meat resulting from a cut in incomes will mainly mean a switch to cheaper meats, particularly poultry, which uses a larger proportion of coarse grain than cattle.

Additionally, Alan London noted that the large crops in recent years had stimulated demand both in the U.S. and overseas ensuring availability of supplies at low prices. He forecast that maize exports from the U.S., which is by far the world's leading supplier, would increase substantially this year to 2.55bn bushels—6.2 per cent more than in 1979/80 and 21 per cent above sales in 1978-79. Soyabean exports are expected to rise by 13 per cent this year to 850m bushels.

If these supply and demand predictions prove true, there should be substantial reductions in the carry over stocks at the end of the 1980-81 season. How big a fall depends on the weather in the next month or so.

The impact on maize prices of the cutback in this year's crop could well be restricted by releases of the Government-held reserves when certain trigger levels are reached. But there are no such holdings of soyabeans.

It is commonly assumed in U.S. grain circles that the embargo on sales to the Soviet Union will be lifted by the end of the year, if not before, whoever wins the Presidential election.

It has proved an ineffective embargo, hurting American farmers more than the Russians, in the short term at least. With Canada apparently breaking ranks there seems every likelihood it will be dropped soon.

It is also widely assumed that the Russians, whether they like it or not, will have to continue buying large quantities of grain—especially feedgrains—from the U.S. simply because there is no other comparable source of supplies available in the world. The American cornbelt is a fantastic producer of grain enjoying natural climatic advantages most of the time combined with a highly mechanised and organised structure built up over the years. No one else can equal the yields per acre achieved on the cornbelt.

Shortfall

Doubts remain about whether the effect of the drought conditions in the U.S. on the grain, soyabean and cotton crops has already been overcompensated for by the rise in prices. It is evident there will not be bumper crops this year, except for wheat, but the extent of the shortfall in other crops will depend on the rainfall level in the next few weeks.

But Herbert Evers, president of ContiCommodities, summed up a general view when saying that while oil had captured the headlines in the 1970s, grains were likely to do so in the 1980s. Demand for grains, especially feedgrains, has been stimulated by low prices and abundant supplies, particularly from the U.S., in recent years. Grains, as a result, are basically under valued. But the situation could change dramatically in the next decade.

Wheat targets lowered

AUSTRALIAN wheat exports are expected to total 13.7m tonnes in the 1979-80 December/November shipping year, the Australian Wheat Board said.

The forecast, in its "wheat market notes" newsletter, is slightly lower than the 13.9m tonnes previously forecast.

Latest AWB figures show exports to July 26 totalled 9.70m tonnes against 6.10m in the year ago period.

The Board expects an end of season carryover of 3.8m tonnes which, when added to forecast 1980-81 output of between 13.4 and 17.1m tonnes, makes total 1980-81 supplies of between 17.2 and 20.9m tonnes.

With domestic demand expected to remain steady on the 1979-80 figures of 3.1m, the Board expects to have between 14.1m and 17.8m tonnes of wheat available for export in 1980-81.

Also in the newsletter is the forecast that the Australian wheat crop will produce between 13.4m and 17.1m tonnes.

This compares with an earlier Board forecast of about 15m tonnes.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange in good two-way trading. After opening weaker in the pre-market at £925.5, forward metal moved up to £927 before trade selling at that level pushed the price back to £925.5. The low for the day of £922 was seen during the first Ring, and thereafter forward metal advanced steadily throughout the day to a close on the late Kerb at £929.5. Turnover 20,100 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £903. Three months £924, 23, 22, 23, 24, 23, 23.5, 23. Cathodes three months £900, 899. Kerb: Wirebars three months £923, 22.5, 23. Afternoon: three months £923. Afternoon: Wirebars three months £927, 26.5, 28, 28.5, 29, 29.5. Kerb: Wirebars three months £928, 28.5, 29, 29.5, 30, 29.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	903-4	+2.5	909.5-10	+7.25
3 months	923-4	+4.25	929-.5	+6.75
Settlem't	904	+2.5	—	
Cathodes				
Cash	873-5	+4.25	877-80	+5
3 months	899-900	+4.75	904-5	+6.5
Settlem't	875	+5	—	......
U.S. Prod		......	*100-106	......

TIN—Declined in steady trading. Forward metal opened stronger in the pre-market at £7,220, and rose to £7,230 before hedge selling took the price back to £7,190. Forward metal remained under pressure during the afternoon, falling to £7,180 before a rally on the late Kerb left the close at £7,190. The backwardation widened. Turnover: 1,180 tonnes.

Morning: Standard cash £7,230, 40, 50. Three months, £7,210, 7,200, 7,190, 7,200, 7,195. Kerb: Standard, three months, £7,200. Afternoon: Standard, three months, £7,205, 7,200. Kerb: Standard, three months, £7,185.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7230-50	—20	7235-50	+22.5
3 months	7205-15	—45	7210-20	—10
Settlem't	7250	—20	—	......
Standard				
Cash	7230-50	—20	7235-50	+22.5
3 months	7190-5	—37.5	7195-200	—5
Settlem't	7250	—20	—	......
Straits. E.	$2175	......	—	......
New York	—	......	—	......

LEAD—Slightly stronger in quiet trading. After opening at £361, forward metal declined before lunch to £356. The fall was reversed during the afternoon, and the price touched £366 after good buying from an American source. The close on the late Kerb was £365.5. Turnover: 6,775 tonnes.

Morning: Cash, £347. Three months, £360, 58, 59, 60, 59, 58, 58.5. Kerb: three months, £358, 57, 57.5. Afternoon: Three months, £359, 60. Kerb: three months, £362, 63.5, 64, 66, 65, 66, 67, 66, 66.5.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	347-.5	+2.25	349-50	+4
3 months	358.5-9	+2.5	360-1	+5.25
S'ment	347.5	+2.5	—	......
U.S. Spot	—	......	*54-6	......

ZINC—Barely steady in quiet trading. Hedge selling took the morning price of forward metal down from £331 at the opening to £327. The price firmed later, and the close on the late Kerb was £331.5. Turnover: 7,375 tonnes.

Morning: three months, £329, 28, 27, 28. Kerb: three months, £328. Afternoon, three months, £328, 29, 30, 31, 30, 29, 29.5, 31, 30, 30.5. Kerb: three months, £331, 30, 31.5, 31, 31.5, 31.

ZINC	a.m. Official	+ or —	p.m. Unofficl'	+ or —
	£	£	£	£
Cash	316-7	-.75	317-9	+4.5
3 months	327-8	-1.5	330.5-1	+5.5
S'ment	317	-.5	—	......
Primw'ts	—	......	*35.5	......

ALUMINIUM—Unchanged in routine trading. Forward metal opened at £741 and fell to £738 during the morning's dealings. The metal advanced during the afternoon through a high of £741, with the close on the late Kerb at £740.5. Turnover: 4,975 tonnes.

Morning: three months, £740, 38. Kerb: three months, £738. Afternoon: cash, £751. Three months, £738, 40. Kerb: three months £740, 41.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	746-8	—8.5	750-1	—.5
3 months	737-8	—3.5	739-40	......

NICKEL—Declined slightly in quiet conditions. Forward metal opened at £2,810, falling to £2,805, at which price it closed on the late Kerb. Turnover: 558 tonnes.

Morning: three months, £2,810. Afternoon: cash, £2,780. Three months, £2,805.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2785-95	+5	2785-95	+5
3 months	2810-5	+5	2810-5	+5

* Cents per pound. † $M per picul. ‡ On previous unofficial close.

PUBLIC NOTICES

GLASGOW DISTRICT COUNCIL [illegible]

SUFFOLK CORPORATION BILLS [illegible]

BOND DRAWING

CORRECTION NOTICE

THE NORWEGIAN STATE AND MUNICIPAL POWER CONSORTIUM SIRA-KVINA KRAFTSELSKAP

7¼% STERLING/DEUTSCHE MARK BONDS 1983

[illegible]

SILVER

[illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	682.45p	[illegible]	[illegible]	[illegible]
3 months	709.00p	[illegible]	[illegible]	[illegible]
6 months	[illegible]	[illegible]	[illegible]	[illegible]
12months	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

COCOA

	Yesterday's Close	+ or —	Business Done
Sep	981-982	+2	981-970
Dec	1021-1022	+1	1024-1015
March	1062-1063	+1	1064-1055
May	1085-1086	+3.5	1085-1078
July	1104-1105	+2	1105
Sept	1124-1127	+3	1123-1119
Dec	1146-1153	+4	1146-1114

Sales: 1,922 (1,302) lots of 10 tonnes.

COFFEE

[illegible]

Producer buying contributed largely towards a steady finish to the day.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Sept	1188-90	+65.5	1190-41
Nov	1234-39	+74.0	1239-180
January	1267-71	+66.0	1275-23
March	1247-50	+72.5	1250-200
May	1255-65	+65.5	1255-30
July	1250-65	+51.0	1250
Sept	1250-1300	+40.0	—

Sales: 6,022 (4,424) lots of 5 tonnes.

ICS indicator prices for August 4. (U.S. cents per pound). Other Mild Arabicas 133.00 (133.50). Robustas ICA 1976 129.00 (130.75). ICA 1968 129.25 (131.00). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 162.75 (163.25).

GRAINS

LONDON GRAIN FUTURES—The market opened 10-20 lower and found hedge selling on country movement in barley, but at 30-40 points lower there was substantial major short-covering, and values steadily returned to unchanged by lunch. In the afternoon session values moved up to 25 points higher where profit taking pared values to close unchanged 20 points higher. Wheat was a generally dull affair but at lower levels there was no selling interest and the market closed steady between 20-35 points higher, reports Acli.

	WHEAT		BARLEY	
Mnth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	95.60	+0.35	90.90	....
Nov.	99.30	+0.25	95.15	....
Jan.	103.25	+0.25	99.10	+0.10
Mar.	106.65	+0.20	102.50	+0.20
May.	110.10	+0.30	105.80	+0.10
July.	113.60	+0.20	—	....

Business done—Wheat Sept. 95.60-95.15, Nov. 99.25-99.10, Jan. 103.35-103.10, Mar. 106.65-106.40, May 110.20-110.05, July 113.65-113.55. Sales 99 lots of 100 tonnes. Barley Sept. 91.00-90.60, Nov. 95.25-94.85, Jan. 99.20-98.75, Mar. 102.55-102.05, May 105.90-105.50. Sales 322 lots of 100 tonnes.

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

£1.00-£1.50 on spill-over selling from previous day's trading, reports T. G. Roddick. Commercial support at opening levels on scale-down buying held prices steady, as short-covering late in the session pushed prices up to finish unchanged on day.

	Yest'rday Close £ per tonne	+ or —	Business Done
August	115.00-20.0	+ 1.25	—
October	117.50-17.7	—0.10	117.20-16.10
December	122.50-22.7	—0.20	122.70-21.00
February	124.00-24.9	—0.20	124.80-23.50
April	126.50-27.0	+0.05	—
June	128.00-29.0	....	—
August	127.00-31.0	....	—

Sales: 95 (165) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £322.00 (£302.00) a tonne cif for July-Aug.-Sept. shipments. White sugar daily price was £339.00 (£330.00).

Overnight reports of the sale of 100,000 tonns of prompt raw sugar to Venezuela, and the threat that hurricane Allen might cause damage to some of the major cane producing areas in the Caribbean, produced a very steady market during the opening session. Despite a slight set-back, prices gradually edged higher to record gains of some £10 from overnight levels, before profit-taking blunted the advance, and prices fell back to close below the opening levels.

No. 4 Con. tract	Yest'rdays Close £ per tonne	Previous Close	Business Done
Oct	347.50-348.0	338.50-37.00	358.00-39.00
Jan	354.00-354.5	339.00-43.75	362.00-41.50
Mch	356.75-357.0	349.50-48.75	364.00-48.25
May	349.50-350.0	343.00-45.50	357.00-43.50
Aug	355.50-336.0	332.50-33.00	347.00-38.00
Oct	322.00-324.0	318.25-20.00	335.00-20.00
Jan	310.00-319.0	300.00-10.00	321.00-20.00

Sales: 9,729 (7,615) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 325.00, 334.00, 340.00-315.00, 48. [illegible]

WOOL FUTURES

[illegible]

JUTE

[illegible]

POTATOES

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 5 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1710/1740	+ 10	$1700/174
Copper			
Cas w'bar	£909.75	+ 7.25	£903.5
3 mths	£929.25	+ 6.75	£925.25
Cash Cathode	£878.5	+5	£877
3 mths	£905	+6.5	£902
Gold troy oz	$629.5	—	$682.5
Lead Cash	£349.5	+4	£338
3 mths	£360.5	+3.25	£345.5
Nickel	£3,186.45	....	£3,246.35
Freemkt (cif lb)	$2.90/3.05	—	280/310c
Platin'mtr'y oz	£182.50	....	£182.50
Free mkt	£274.60	+0.05	£303.60
Quicksilver†	$400/415	....	$395/405
Silver troy oz	682.45p	+15.55	733.20p
3 mths	709.00p	+15.20	761.70p
Tin Cash	£7,242.5	+22.5	£7,272.5
3 mths	£7,215	—10	£7,272.5
Tungsten 22.04 lb	$142.65	....	$143.85
Wolfrm 22.04 lb	$148/151	+ 1	$145/148
Zinc cash	£318	+4.5	£301.75
3 months	£330.75	+5.5	£312.25
Producers	$780	....	$780
Oils			
Coconut (Phil)	635	—15	$645
Groundnut	‡		‡
Linseed Crude	419	—	£410
Palm Malayan	550	—10	$557.50
Seeds			
Copra Philip	450	—	$440
Soyabean (U.S.)	323	—11	$297.75
Grains			
Barley Futures	£95.15	—	£95.25
Maize			
French No3AM	£122	—	‡
Wheat			
No.1 Red Spg.	‡		‡
No2HardWint	£96.75	—	£93.75
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship't	£1,076	+1	£1,117
Future Dec.	£1,021.5	+1	£1,068.5
CoffeeF't Nov.	£1236.5	+74	£1,427.5
Cotton A.Index	94.40c	+1.10	85.20c
[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN MARKETS

NEW YORK, August 5.

THE LIVESTOCK complex found itself in a major retreat on reports of increased country marketing. Trade buying provided good support for copper, carrying the market sharply higher. Coffee advanced in a major move on [illegible]

‡‡Maize—Sept 338¼ (333½). Dec. 343 (338¾). March 348¾. May 350. July 350. Sept. 339½.

Pork Bellies—Aug. 45.17 (45.35). Feb. 61.25 (62.57). March 61.17. May 61.90. July 62.05. Aug. 61.40.

[illegible]

EUROPEAN MARKETS

[illegible]

INDICES

FINANCIAL TIMES

Aug. 4	Aug. 1	M'nth ago	Year ago
270.58	274.80	272.46	281.49

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Aug. 4	Aug. 1	Month ago	Year ago
Spot	441.97	441.97	426.89	398.93
F'tur	445.68	446.28	440.59	409.90

(Average 1924-25-26=100)

MOODY'S

Aug. 4	Aug. 1	M'nth ago	Year ago
1221.0	1217.4	1189.3	1058.0

(December 31, 1931=100)

REUTERS

Aug. 5	Aug. 4	M'nth ago	Year ago
1712.6	1717.5	1691.3	1548.9

(Base: September 18, 1931=100)

Rearranged date

The start of trading on the proposed Kuala Lumpur commodity exchange is now tentatively set for October 22, according to primary industries ministry deputy secretary general Haji Ismail Bin Haji Ahmad. The first commodity to be traded on the exchange will be crude palm oil.

Reuter

Gilts nervous and confused by July banking statistics
Late falls range to a point—Equities follow trend

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22

* "New time" dealings may take place from 9 am two business days earlier.

Having expected and prepared itself for a set of banking figures sharply distorted by the termination of corset controls, the Gilt-edged market was yesterday completely bewildered by the July statistics. Indications that sterling M3 may have risen by 5 per cent during the month exceeded even the most pessimistic estimates. Trade was delayed for some time while the implications were considered and the market was soon in full retreat following its resumption.

Early gains resulting from bear-closing, and extending to ½ among longer-dated stocks, were immediately wiped out as dealers lowered quotations by amounts varying from ½ to a full point on much wider dealing spreads. In a highly confused and nervous market, the lower prices failed to deter selling, however, and *the tone weakened* further in business after the official close.

At that time, high-coupon longs were showing net falls ranging to a point with the partly-paid **Treasury 13 per cent** *2000 at 32 against a high for the* day of 33¾; the £20-paid medium tap stock, **Treasury 11¾ per cent 1991 "A."** settled at 17¼ compared with an earlier 18¼. Other longs were around ½ lower on balance, after gains of that *amount, and* the shorts, too, surrendered small initial improvements to close about ½ down on balance.

Seasonal influences continued to play an important part in the equity sectors, but the leaders made a positive move to rally from a dull opening. The attempt was measured by the FT Industrial Ordinary share index which, after showing a fall of 1.6 at 10.00 am, was a net 1.8 up at 2.00 pm. But the latest banking statistics came half an hour later and transformed the scene. Guided by Gilts, leading shares settled lower on the day with the index finally 2.5 down at 480.9.

Southern Rhodesian bonds steadied after Monday's collapse. Sellers were less keen and, with a few buyers operating, the 2½ per cent and 3½ per cent 1967-69 stocks regained 13 points to the common level of £108.

The volume of business in Traded options left much to be desired with only 422 contracts completed compared with the previous day's 636. **Lonrho** continued to claim most of the attention, recording 142 deals.

Union Discount dull

The fresh setback in gilts prompted sympathetic falls in Discount Houses. **Union** were particularly vulnerable and closed 22 lower at 478p, while **Cater Ryder** relinquished 5 to 373p. **Clive**, 49p, **Gerrard and National**, 280p, and **Gillett Bros.**, 205p, all eased 2. Renewed fears that a further cut in Minimum Lending Rate may now be several weeks off unsettled Hire Purchases. **UDT** gave up 3 to 62p as did **Provident Financial**, to 142p, and **Lloyds and Scottish**, to 162p. Adverse comment additionally aggravated **FNFC**, 1½ down at 24p. Merchant banks to come on offer included **Hill Samuel**, 5 lower at 130p, and **Guinness Peat**, 3 easier at 128p. The major clearers traded quietly before and after the latest lending figures which had no apparent affect on sentiment. **Barclays**, which brings the interim dividend season to a close on August 21, hardened a couple of pence to 390p.

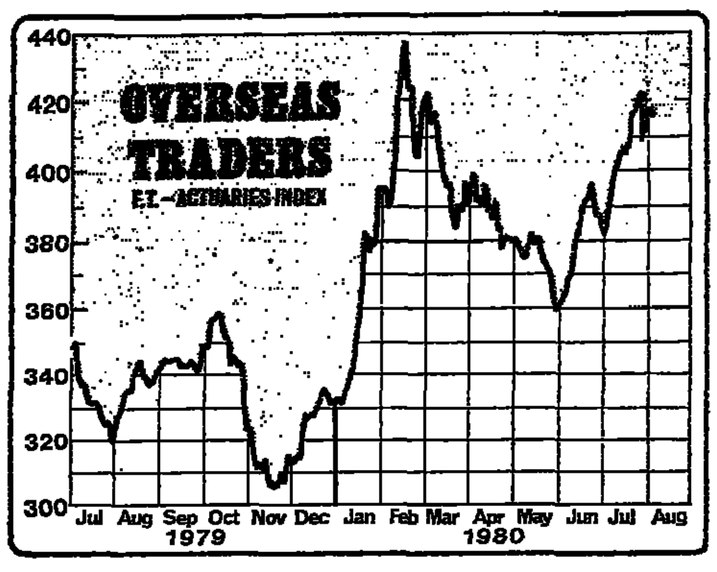
Insurances closed with a firmer bias. **GRE**, 322p, and **Sun Alliance**, 724p, rose 4 apiece, while **Commercial Union** hardened 3 to 146p.

Still reflecting the Monopolies Commission's decision to veto *the Hiram Walker bid*, **Highland Distillers** eased to 116p before settling for a two-day fall of 20 to 118p.

Press comment drawing attention to the current plight of producers of building materials caused fresh dullness in **Blue Circle** which shed 10 for a two-day fall of 20 to 358p. Also in this sector, **BPB** lost 9 to 238p, **Ready Mixed Concrete** 6 to 190p, **Tarmac** 8 to 266p, and **London Brick** 2¼ to 76½p. **Redland** eased 3 to 165p following the annual report. Around 10 easier on further profit-taking ahead of the interim results, **Taylor Woodrow** gave further ground on the announcement and closed a net 13 down at 463p. **Costain** shed 6 to 178p and **SGB** 4 to 168p, but **Newarthill**, still reflecting the company's stake in County and District for which Costain has made an agreed 190p per share cash bid, rose 10 for a gain of 75 to 325p since the bid approach was announced. **Mallinson-Denny** eased 2 to 70p on profit-taking, but **Montague L. Meyer** revived with a gain of 3 at 87p.

A couple of pence firmer at one stage, **ICI** slipped to 364p before recovering to the overnight 366p. Among other Chemicals, **Ellis and Everard** firmed 4 for a two-day gain of 12 to 140p *in response to the* preliminary results, but **Rentokil** shed a penny to 159p on the slightly disappointing interim profits. **Allied Colloids** added a couple of pence more to 109p.

Small irregular movements were the order of the day in Stores following a small trade.



House of Fraser drifted down 3 to 140p and **Marks and Spencer** softened 2 to 98p. **J. Hepworth** remained friendless at 75p, down another penny, after adverse comment, while **Sumrie**, 19p, and **E. Upton**, 32p, relinquished 2 apiece. **Foster Bros.**, however, hardened 2 to 86p as did **Freemans**, to 124p. A similar mixed trend in Shoes saw **Garnar Scotblair** improve 2 to 68p but **Ward White** ease that much to 55p.

Helped by the confident tenor of the annual review, **Plessey** improved to 215p but closed 2 lower on balance at 212p. Other *Electrical* leaders followed a similar trend, **GEC** closing only 2 firmer at 476p, after 480p. Elsewhere, **Unitech** advanced to 330p on the preliminary results before ending 2 dearer on the day at 322p, while **Ward and Goldstone**, *still reflecting news* of the company's link-up with GEC in the development of electronic car wiring, advanced 5 more to 72p. **Quest Automation** improved 7 to 157p in a limited market and **H. Wigfall** were *similarly better at 155p while* renewed support left **Cray Electronics** 4 firmer at 44p.

Inclined harder at the start, leading Engineers settled a shade lower on balance. Awaiting today's interim statement, **Tubes** finished 2 cheaper at 256p. **Mining Supplies**, a good market recently, encountered profit-*taking and reacted 7 to 133p*, while **Vosper**, at 183p, gave up 7 of the previous day's advance of 20 which followed demand based on compensation hopes. **W. E. Norton** eased 2 to 10p following the pre-tax loss and passing of the final dividend, but satisfactory preliminary results and the proposed scrip issue left **Wagon Industrial** 3 firmer at 173p.

With the notable exception of **Tate and Lyle**, up 4 at 142p, leading Foods held close to overnight levels. Elsewhere, **Hillards** eased 6 to 141p on the annual profits setback, but **FMC** firmed 3 to 69p following satisfactory preliminary results.

Rotaprint slump

Rotaprint became a notable casualty in miscellaneous industrials, falling 7 to 15p, after 13p, in the late business on the final dividend omission, the near-67 per cent contraction in annual earnings and the extensive rationalisation proposals. **Bestobell**, firm recently on hopes of a second takeover bid from **BTR**, fell 12 to 268p following the liquidation of speculative positions after the announcement of BTR's plans to acquire Huyck Corporation of the U.S. in a deal worth around £61m. **BTR** ended 6 lower at 344p. **Neil and Spencer** came on offer at 75p, down 5. **Centreway** softened 2 to 128p following the lower profits. Fading bid hopes left **Royal Worcester** 5 off at 315p, while **Aeronautical and General** encountered profit-taking after the recent sharp rise and finished 10 down at 375p. **Alexander Russel** declined 4 to 93p and **Marley** lost 3 to 88p. **James Wilkes**, on the other hand, found support and rose 4 to 76p while **Norcros** were also bought and finished 3 to the good at 85p, after 86p. **Cowan de Groot** edged *forward* 2 to 71p in response to the increased profits and **AAH** hardened a penny to 166p after comment on the annual figures.

A firm sector of late on recovery prospects, Motors Distributors met profit-taking and **Henlys** shed 4 to 90p, while **Lex Service** eased 1½ to 80p. **Tate of Leeds** fell 5 to 72p despite a *favourable Press mention.* Excited on Monday by news that **British Car Auction**, 2 cheaper at 64p, had increased its stake in the company to 8.75 per cent and was contemplating a full scale bid, **Caffyns** touched 161p before reacting to close 3 cheaper on balance at 155p. **Airflow Streamline** met selling and dipped 4 to 26p.

Against the general trend, Paper/Printings displayed several notable firm spots. **James Cropper** put on 7 to a 1980 peak of 140p in a thin market, while renewed speculative support lifted **Mills and Allen** 10 to 300p. **Cutler Guard Bridge** added 3 to 25p following a Press mention, while **Wace** revived with a gain of a couple of pence at 30p.

Already easier on accasional offerings and lack of support, Properties gave further ground in late dealings which left **Land Securities** 4 cheaper at 362p and **MEPC** 5 off at 224p. **Peachey**, 156p, and **Samuel**, 137p, both lost 3, while **British Land** eased a cuple of pence to 90p. Elsewher, **Estates and Agency** added 4 for a two-day gain of 8 to 104p on small buying, while **Westminster and Country** touched 58p before settling 2 firmer on balance at 56p. Press comment on the company's asset value left **Regalian** 3 dearer at 32p. Elsewhere, **Hong Kong Land** shed 5 to 123½p and **Swire Properties** 2 to 66½p on far-eastern advices.

Oils trade quietly

Interest was at a low ebb in the Oil sector. In line with the general trend, leading issues turned easier after a firm start, **BP** *ending 2 harder at 344p, after* 348p, and **Shell** a similar amount dearer at 402p, after 404p. **Lasmo** touched 675p but ended a few pence cheaper on the day at 667p. Elsewhere, **Double Eagle** gained 8 to 200p, while **Strata Oil** rallied *14 to 116p after the previous* day's fall of 8 which followed news of the delay in the results of tests at the Woodada number 2 well. Occasional support lifted **Marinex** 5 to 140p.

Paterson Zochonis provided an isolated firm featured in Overseas Traders at 314p, up 9. **Harrisons and Crosfield** dipped 13 to 737p.

Trusts were inclined easier, but Financials were featured by a rise of 10 to 155p in **Centreway Trust** in sympathy with the gain in Centreway Limited.

Shippings met occasional offerings with losses of around 2 recorded in **P. and O. Deferred**, 122p, and **Ocean Transport**, 124p. Following last week's failure by shareholders to force board changes, a fair amount of loose *stock came on offer in* **Milford Docks** which reacted to 110p before settling at 115p for a fall of 25.

Huletts Corporation rose 15 to 240p in South Africans on the announcement that **Barlow Rand** is to sell its stake in the former to Anglo American Corporation of South Africa: **BR** closed 7 easier at 393p.

Mines mixed

Trading in mining shares was quiet yesterday, influenced by the uncertain course of the bullion price, which closed unchanged at $624.5 an ounce after $635.5. The Gold Mines index moved up 2.7 to 377.1.

South African Golds opened firmer on the back of the stronger gold price, fell away towards midday and staged a slight rally towards the close. Among the heavyweights, **Kloof** were outstanding with a gain of ¾ to £14¼, while **Free State Geduld**, at £27¾, **West Driefontein**, at £37¾, and **East Driefontein**, at £11¼, all closed ¾ better.

The lower-priced issues featured **Kinross**, up 19 to a 1980 high of 668p, and **Stilfontein**, which gained 18 to 933p, also a high for the year. **Unisel** put on 9 to 594p, while **Blyvoor** and **Venterspost** both gained 8 to 705p and 679p respectively.

South African Financials were mixed, with **Amgold** leading the firm spots with a rose of ¾ to £40¾. **Gencor**, **Anglo American** and **De Beers** al lost 5 to 845p, 670p and 415p respectively.

Among Australian gold shares, **North Kalgurli** put on 4 to 83p, and **Gold Mines of Kalgoorlie** and **Poseidon** both firmed 2 to 400p and 210p respectively. The Rundle oil-shale twins both lost ground, with **Central Pacific Minerals** giving up 1½ to £30 and **Southern Pacific Petroleum** ½ lower at £11. **Pancontinental** gained 5 to 330p on news of the floating of its Australian oil and gas interests.

The Malaysia Mining Corporation merger companies were once again the only Tins in demand, with **Southern Malayan** 15 better at 640p and **Southern Kinta** reaching a high for 1980 with a rise of 10 to 370p.

FINANCIAL TIMES STOCK INDICES

	Aug. 5	Aug. 4	Aug. 1	July 31	July 30	July 29	A year ago
Government Secs.	70.15	70.24	70.78	70.78	71.43	71.81	72.11
Fixed Interest	71.88	72.00	72.51	72.81	73.36	73.57	73.75
Industrial	480.9	483.4	487.9	490.3	488.7	489.7	464.6
Gold Mines	377.1	374.4	375.8	369.8	376.7	383.8	149.9
Ord. Div. Yield	7.55	7.52	7.44	7.41	7.42	7.41	6.91
Earnings, Yld. % (full)	18.09	18.02	17.82	17.76	17.78	17.76	17.82
P/E Ratio (net) (*)	6.67	6.69	6.76	6.79	6.78	6.79	7.16
Total Bargains	18,125	17,819	18,614	19,916	19,636	20,026	—
Equity turnover £m.	—	75.59	89.33	101.50	112.56	102.86	76.87
Equity bargains total	—	12,214	12,002	13,842	13,559	14,907	10,637

10 am 481.8. 11 am 482.2. Noon 483.7. 1 pm 485.3. 2 pm 485.2. 3 pm 482.1.

Latest Index 01-246 8026.

* Nil=6.22.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	73.54 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.8 (29/7)	265.5 (18/5)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 5	Aug. 4
—Daily		
Gilt Edged	143.2	111.8
Industrials	99.7	89.1
Speculative	30.8	32.2
Totals	73.8	61.6
5-day Avrge.		
Gilt Edged	124.3	120.6
Industrials	99.2	98.9
Speculative	33.9	33.3
Totals	71.1	70.8

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (34)

AMERICANS (2)
Bankers NY, IU International

BUILDINGS (2)
HAT Group, Newarthill

CHEMICALS (1)
Ellis & Everard

ELECTRICALS (3)
Cray Electronics, Quest Auto., Kode Int.

ENGINEERING (3)
Cummins 1978-94, Victor Products, Northern Eng.

INDUSTRIALS (7)
British Cine., Norcros, Cont. Stationery, Office & Elec., Dover Corp., Wilkes (J.), Macarthys Pharm.

PAPER (3)
Chapman Balham, Cutler Guard Bridge, Cropper (James)

PROPERTY (2)
Estates & Agency, W'minster & Country

TEXTILES (1)
Mackinnon Scotland

TRUSTS (2)
Crossfriars, Centreway Trust

OIL AND GAS (1)
Double Eagle

OVERSEAS TRADERS (2)
Paterson Zoch., Paterson Zoch. 'A'

MINES (5)
Kinross, Southern Kinta, Stilfontein, Southern Malayan, Middle Wit.

NEW LOWS (20)

BRITISH FUNDS (2)
Exchequer 13pc '80, Exchequer 3pc '83 'A'

FOREIGN BONDS (3)
Chinese 4½pc 1898, Do. 5pc 1925 Boxer, Do. 5pc 1912

BEERS (1)
Macallan-Glenlivet

CHEMICALS (1)
Fisons

STORES (1)
Goodman Brothers

ELECTRICALS (1)
Jones Stroud

ENGINEERING (4)
Crown House, Norton W. E.), Edbro, Tex Abrasives

INDUSTRIALS (3)
Hawkins & Tipson, Rotaprint, Neil & Spencer

INSURANCE (1)
Moran (Chris.)

LEISURE (1)
Pan Atlas

MOTORS (1)
Airflow

OIL AND GAS (1)
Sun UK Royalty

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	10	57	27
Corpns. Dom. and Foreign Bonds	3	18	45
Industrials	148	271	975
Financial and Prop.	54	166	276
Oils	14	13	29
Plantations	—	6	19
Mines	49	44	66
Others	29	54	87
Totals	307	629	1,524

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity Groups & Sub-Sections	Tues., Aug. 5, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Aug. 4 Index No.	Fri., Aug. 1 Index No.	Thur., July 31 Index No.	Wed., July 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	278.39	−0.4	16.59	5.90	7.29	279.56	282.04	282.19	282.42	247.73
2	Building Materials (28)	257.30	−1.7	17.88	6.51	6.58	261.66	264.83	266.33	264.80	226.45
3	Contracting, Construction (27)	416.26	−1.1	22.09	5.84	5.40	420.83	423.46	421.39	422.50	369.47
4	Electricals (16)	802.07	+0.3	12.22	3.28	10.15	799.51	806.27	803.70	810.83	626.84
5	Engineering Contractors (11)	336.97	—	20.15	7.73	6.22	336.90	336.67	336.50	335.10	368.59
6	Mechanical Engineering (74)	180.37	−0.5	17.56	7.36	6.93	181.25	182.77	183.10	182.09	178.82
8	Metals and Metal Forming (16)	169.49	—	21.39	10.01	5.58	169.49	171.20	172.16	172.22	165.80
11	CONSUMER GOODS (DURABLE) (49)	233.69	−0.2	14.21	5.59	8.46	234.14	236.82	237.88	237.37	235.71
12	Lt. Electronics, Radio, TV (14)	349.19	+0.2	10.99	4.04	11.16	348.59	353.54	356.14	356.09	332.40
13	Household Goods (14)	97.79	−0.5	24.78	10.79	5.09	98.23	99.04	100.06	100.21	150.24
14	Motors and Distributors (21)	103.66	−1.3	22.39	9.53	5.15	105.02	105.38	104.77	103.77	113.86
21	CONSUMER GOODS (NON DURABLES) (172)	233.50	—	17.66	6.91	6.84	233.57	235.92	236.58	235.88	241.29
22	Breweries (14)	284.03	+0.3	15.97	6.48	7.31	283.06	284.06	284.95	286.31	287.56
23	Wines and Spirits (5)	317.57	−1.0	19.10	6.41	6.16	317.57	320.72	320.95	321.35	319.99
24	Entertainment, Catering (17)	330.95	−0.3	17.45	6.76	7.11	332.00	333.68	334.71	333.93	311.87
25	Food Manufacturers (21)	212.80	—	19.11	7.05	6.15	212.74	213.84	214.25	213.33	206.11
26	Food Retailing (13)	352.69	—	11.97	4.51	9.98	352.58	352.82	352.01	352.96	318.48
32	Newspapers, Publishing (13)	435.06	−0.9	21.61	7.37	6.10	435.06	439.17	442.53	441.71	411.33
33	Packaging and Paper (15)	132.57	−0.5	26.95	9.87	4.31	132.57	133.22	134.04	132.06	126.86
34	Stores (45)	229.71	−1.1	13.72	5.47	9.50	229.71	232.21	233.21	231.58	251.41
35	Textiles (21)	124.66	−0.7	26.37	12.67	4.61	124.66	125.57	125.62	125.08	155.63
36	Tobaccos (3)	222.89	−0.4	25.75	10.44	4.42	222.89	223.88	224.36	225.35	245.49
37	Toys and Games (5)	26.67	—	8.43	14.29	27.43	26.67	26.67	26.53	27.06	78.21
41	OTHER GROUPS (99)	225.02	−0.8	16.38	6.89	7.26	225.02	226.83	227.46	227.49	202.74
42	Chemicals (16)	312.63	−1.1	19.85	7.71	5.78	312.63	316.11	316.09	317.29	280.63
43	Pharmaceutical Products (7)	223.65	−1.7	11.31	6.19	10.93	223.65	227.60	227.66	227.46	223.38
44	Office Equipment (6)	108.01	+0.9	18.75	7.68	6.22	108.01	107.03	106.97	106.20	120.58
45	Shipping (10)	588.69	−0.8	13.04	6.00	9.35	588.69	593.16	594.76	596.55	450.45
46	Miscellaneous (60)	284.99	−0.3	15.80	6.49	7.76	284.99	285.90	287.99	287.32	242.92
49	INDUSTRIAL GROUP (492)	250.63	−0.9	16.82	6.53	7.16	250.63	252.97	253.56	253.26	240.39
51	Oils (8)	771.27	−1.4	29.82	6.66	3.70	771.27	782.10	785.32	789.94	636.29
59	500 SHARE INDEX	292.01	−1.0	19.41	6.55	6.04	292.01	295.01	295.80	295.87	272.60
61	FINANCIAL GROUP (118)	228.66	−0.6	—	5.58	—	228.66	230.11	230.75	231.92	191.17
62	Banks (6)	223.93	−0.7	45.20	7.51	2.63	223.93	225.60	225.26	225.72	222.56
63	Discount Houses (10)	291.60	−1.9	—	6.08	—	291.60	297.11	298.25	300.06	264.30
64	Hire Purchase (5)	243.98	−1.1	12.70	4.10	10.26	243.98	246.65	244.97	249.32	169.06
65	Insurance (Life) (10)	227.75	−0.7	—	5.59	—	227.75	229.29	229.49	230.84	150.12
66	Insurance (Composite) (9)	153.78	−0.5	—	7.00	—	153.78	154.61	155.76	157.62	125.54
67	Insurance Brokers (9)	333.69	−1.2	13.92	6.91	9.86	333.69	337.62	338.84	340.25	267.24
68	Merchant Banks (12)	139.54	−1.1	—	5.09	—	139.54	141.15	141.22	141.37	99.24
69	Property (45)	440.33	−0.3	3.24	2.67	42.87	440.33	441.71	444.61	445.62	368.93
70	Miscellaneous (12)	140.34	−0.7	14.74	6.25	8.62	140.34	141.27	140.53	140.84	117.55
71	Investment Trusts (109)	257.14	−0.5	—	5.55	—	257.14	258.54	259.70	259.25	212.10
81	Mining Finance (4)	239.55	+0.8	11.27	4.12	10.70	239.55	237.71	236.96	237.47	123.13
91	Overseas Traders (19)	417.65	−0.1	12.04	7.09	10.02	417.65	417.99	416.71	414.60	341.75
99	ALL-SHARE INDEX (750)	279.23	−0.8	—	6.25	—	279.23	281.59	282.29	282.56	249.36

FIXED INTEREST PRICE INDICES

	British Government	Tues., Aug. 5	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.29	−0.26	—	6.05
2	5-15 years	111.76	−0.06	—	8.31
3	Over 15 years	118.80	−0.10	—	7.91
4	Irredeemables	131.16	−0.09	—	7.24
5	All stocks	111.68	−0.14	—	7.26

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., Aug. 5	Mon., Aug. 4	Year ago (approx.)
1	Low Coupons	5 years	11.87	11.83	10.07
2		15 years	11.75	11.74	10.51
3		25 years	11.75	11.74	10.95
4	Medium Coupons	5 years	13.32	13.25	12.02
5		15 years	13.12	13.09	12.08
6		25 years	12.96	12.95	12.06
7	High Coupons	5 years	13.63	13.52	12.27
8		15 years	13.44	13.42	12.43
9		25 years	13.22	13.19	12.41
10	Irredeemables		11.28	11.26	10.66

		Tues. August 5 Index No.	Tues. August 5 Yield %	Mon. Aug. 4	Friday Aug. 1	Thurs. July 31	Wed. July 30	Tues. July 29	Mon. July 28	Fri. July 25	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	55.60	†13.37	55.58	55.65	55.65	55.52	55.62	55.46	55.45	58.41
16	Investment Trust Prefs. (15)	50.94	13.25	50.94	50.94	50.94	50.94	50.94	50.94	50.94	51.11
17	Coml. and Indl. Prefs. (20)	68.58	15.09	68.55	68.65	68.51	68.55	68.55	68.30	68.10	71.40

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Bowater	£1	6	184	+1	190	141
Rank Org.	25p	6	182	+2	228	168
Shell Transport	25p	6	402	+2	432	314
Unilever	25p	6	491	+1	512	388
Allied Breweries	25p	5	83½	+½	89	68
BAT Industries	25p	5	275	+2	290	223
Dalgety	£1	5	263	+2	302	242
Distillers	50p	5	219	+1	222	184
Euro. Ferries	25p	5	181	−1	191	98
First Nat. Fin'ce	10p	5	24	−1½	29	9¼
Hepw'th Ceramic	25p	5	107	−½	112	86½
Lonrho 'New'	Nil/pd.	5	17pm	−1	30½pm	15½pm
Smith (W. H.)	50p	5	145	+1	163	132
Tarmac	50p	5	266	−8	274	183
Tate & Lyle	£1	5	142	+4	178	118

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
July 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1

For rate indications see end of Share Information Service

Money was given for the call of **Endeavour Oil, Lonrho, MFI, Sovereign Oil, Burmah Oil, First National Finance, Daejan, J. Finlan, Bellway, Reo Stakis, Westminster Properties** and **Coral Leisure.** No puts were were arranged in Sovereign Oil, *reported, but double options* **Daejan, Burmah Oil, and Woodside ePtroleum.**

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or —	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
§38½	F.P.	—	100	80	Energy Capital (12½p)	92	......	—	—	—	—
**	F.P.	—	260	215	††Hall Bros.	260	+10	—	—	—	—
56	F.P.	—	94	74	Home Farm Prods 10p	94	+4	b2.9	2.5	4.4	12.9
160	F.P.	—	153	135	††Marinex 10p	140	+5	—	—	—	—
100	F.P.	—	110	91	Peerless	92	......	b6.3	2.8	9.8	4.6
§51	F.P.	—	78	67	††Rolfe & Nolan 10p	72	......	t1.0	3.5	2.0	2.3
§80	F.P.	—	112	98	††S.P.O. Minerals 10p	100	+2	—	—	—	—
§57	F.P.	—	85	75	Utd. Electronic 20p	77	......	b1.57	2.3	2.9	22.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or —
‖	F.P.	23/7	120	109½	British Home Stores 9% Cnv. Ln. '92	119	......
100	F.P.	—	100½	99	Daiei 8½% Conv. Bds. due 1995	102	......
98	£20	—	18¾	18¼	Denmark 13% 2005	18¼	......
[illegible]	F.P.	—	69	63½	London & Midland Inds 8½ pc Deb. '89-94	69	......
[illegible]	F.P.	—	102	101	Outwich 10% Pref.	101	......
[illegible]	F.P.	8/8	105⅛	101⅛	South Staff. Water 9¾% Rd. Pf. '85	105⅛	......
[illegible]	F.P.	29/8	104	103¼	Sunderl'd & S.Shields Wtr 9¾% Rd.Prf.1985	104	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p:	+ or —
65	F.P.	5/8	1/9	96	88	Anderson Strathclyde	96	......
103	F.P.	14/7	15/8	127	117	Astbury & Madeley	121	......
132	F.P.	23/7	8/9	169	146	Berisford (S. & W.)	168	......
18	Nil	7/8	12/9	12½pm	9½pm	Brengreen	10½pm	−1
100	F.P.	3/7	7/8	159	112	Carless Capel	145	......
55	F.P.	22/7	15/8	75	61	Chartorhall	62	−2
34	F.P.	1/8	29/8	56	50	Clive Discount	50	−2
92	Nil	30/7	12/9	138	123	Coalite	135	......
50	Nil	25/7	28/8	92pm	85pm	Crest, Nicholson	90pm	−1
13	Nil	—	—	15½pm	11½pm	Derritron	15pm	......
100	F.P.	15/8	12/9	292pm	278pm	Ferranti	283pm	+5
76	F.P.	30/7	20/8	96	87	Hazelwood Foods	94	......
263	F.P.	1/7	15/8	374	307	Land Securities	366	−1
126	F.P.	—	8/8	175pm	27pm	Lloyds & Scottish	166pm	......
80	Nil	15/8	12/9	30½pm	15½pm	Lonrho	17pm	−1
130	Nil	15/8	26/9	30pm	25pm	McKay Secs.	25pm	......
52	F.P.	28/7	26/8	81	55	Mallinson-Denny	70½	−1
75	Nil	20/8	10/9	35pm	30pm	Polly Peck	30pm	......
10	Nil	13/8	3/9	3½pm	2½pm	Sturla	2pm	......
12½	F.P.	31/7	26/8	13½	12	Thurgar Bardex	12	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising two participating preference shares and one ordinary share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American O/S (USc) 109.7 115.5 +3.3 —

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong
Japan Fd. July 30 US$19.06 19.88 ...... —
Japan Tech. July 28 US$11.116 ...... —
Malay Singpr. July 29 12.899 ...... —
Pacific Fd. July 30 US$14.112 ...... —
Bond Fd. July 31 US$10.790xd 9.00
PO Box 71, 7 New St., Peter Port, Guernsey, C.I.
Gilt Fd. £10.02 10.12 +0.04 13.24
*Inclusive of Preliminary charge.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 179.7 192.2 +0.8 3.47

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 135.6 144.6 −2.3 4.00
H.S. Fixed Int. Fd. 101.0 106.0 ...... 11.50
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$22.85 23.76 −0.04 —
CSF Fd. (Acc.) SF17.74 18.12 −0.03 —
Crossbow Fd. (Acc.) SF4.45 4.55 ...... —
ITF Fd. (Acc.) US$12.00 12.24 −0.02 —

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Iss. Price) DF57.15 ...... 1.75

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$3.43 3.54 +0.02 3.95

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. HK$552.27xd ...... —
Jardine J'pn.Fd.* HK$379.99xd 1.0
Jardine S.E.A. US$31.13 ...... 1.50
Jardine Flem. Int. HK$20.03xd 0.5
Jardine Securities HK$17.36 ...... —
Intl.Pac.Secs.(Inc.) HK$17.32 ...... —
Do. (Accum.) HK$17.96 ...... —
NAV June 30. *US$77.17.
Next sub. day July 15.

Leopold Joseph & Sons (Guernsey).
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund £11.83 11.84 ...... —

Kemp-Gee Management. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741
Capital Fund 142.2 146.5 ...... —
Income Fund 57.1 58.9 ...... 11.59
Gilt Bond £1,015 1,069 ...... —

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex SF146.50 158.50 ...... 2.20
Bondselex SF112.65 118.45 ...... —
Central Assets 172.51 172.55 +0.05 —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) £8.72 8.76xd −0.09 12.25
Gilt Trust (I.o.M.) 97.3 99.7xd 12.25
Gilt Fnd. Guernsey 9.29 9.32 ...... 12.25
Intl. Govt. Secs. Tst.
First Sterling £27.81 17.96 −0.58 —
First Intl. £235.36 236.48 ...... —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest LF1,124 +1 4.99
Guernsey Inc. 80.6 85.8 ...... 5.64
Do. Accum. 106.5 111.3 ...... 5.64
K.B. Eurobond Fd. £9.90 10.00 ...... 8.29
K.B. Far East Fd. US$19.95xd 2.00
K.B. Gilt Fund £10.47 10.54xd 11.60
K.B. Int. Bd. Fd. Inc. US$100.36xd ...... —
K.B. Int. Bd. Fd. Acc. US$115.45xd ...... —
K.B. Intl. Fund US$15.16 ...... 2.31
K.B. Japan Fund US$31.99 ...... 0.79
K.B. Sterl. Asset Fd. £11.39 11.40 ...... —
K.B. U.S. Gwth. Fd. US$16.22 ...... 2.16
Signet Bermuda US$6.71xd 2.23

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361
L.B. External Fund US$10.54 11.22xd 0.10

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 59.9 63.7 ...... 1.86
Next dealing August 7.
Lloyds Trust Gilt £10.03 10.04xd 12.20
Next dealing Aug. 6.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF495.0 528.5 +12.0 0.60
Lloyds Int. Income SF287.0 298.0 +2.5 6.00

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Aug. 5 US$6.35 6.55 −0.04 —
Australian Ex. July 30 US$7.97 8.39 ...... —
Gold Ex.Acc. US$63.29 66.63 ...... 5.72
Gold Ex. Inc. Units
Island 149.6 159.2 −0.7 4.05
(Accum Units) 225.6 240.0 −1.2 4.05

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. US$11.25 ...... −0.20 —
Bda. Intl. Bd. Fd. Inc. US$10.99 11.18xd −0.19 12.00
Prices July 28. Next dealing Aug. 4.

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Midland Drayton Gilt. 100.5 100.9xd −0.7 11.89

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. July 31 SF52.70 57.19 ...... 3.12
Japfest. July 15 HK$18.33 19.75 ...... 0.32
117 Group June 30 US$13.50 14.53 ...... 2.45
117 Jersey July 23 £6.13 6.67 ...... 1.92
117 J'sey O's July 16 £6.03 6.35 ...... 3.00

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. July 31 US$38.67xd ...... —
Murray Fund July 31 US$17.61xd ...... —
Pacific Fd. June 30 US$4.21

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$4.800 5.2800 ...... —

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	51.0	54.8	-0.4	2.65
Abbey Capital	40.4	43.6	.....	5.75
Abbey General	51.1	55.2	.....	5.26
Abbey Gilt & F.I. Tst.	113.2	119.2	+0.9	11.48
Abbey Income	34.5	37.3	-0.1	9.28
Abbey W'Wide Bd Tst.	93.2	98.6	-0.2	4.80
Abbey Inv. Tst. Fnd.	43.8	47.4	-0.2	5.36
Equitas Prog. Trust	77.1	83.4	-0.4	5.37

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	93.3	98.2	.....	12.50

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	84.7	90.6	-0.1	5.84
Brit. Inds. Fund	74.6	79.8	-0.1	6.51
Growth & Income	45.4	48.6	-0.1	5.72
Elect. & Ind. Dev.	41.9	44.8	.....	5.47
Allied Capital	87.5	93.6	-0.3	4.75
Hambro Fund	127.4	136.3	-0.1	6.35
Hambro Acc. Fund	161.0	172.3	.....	5.22
Income Funds				
High Yield Fd.	67.4	72.1	-0.2	9.91
High Income	75.8	81.1	.....	7.77
A. H. Eq. Inc.	43.1	46.1	-0.1	7.87
Govt. Secs.	26.2	26.9	+0.2	8.36
International Funds				
International	30.8	33.0	-0.1	3.27
Pacific Fund	50.8	54.4	-0.3	2.76
Secs. Of America	62.0	66.3	-0.5	2.71
Specialist Funds				
Smaller Co.'s Fd.	51.0	54.6	-0.1	4.61
2nd Smlr. Co's Fd.	60.0	64.2	-0.1	4.67
Recovery Sits.	124.3	133.0	-1.0	6.27
Met. Min. & C'dty.	64.1	68.6	-0.1	4.30
Overseas Earnings	63.5	67.9	+0.1	5.67
Exempt Funds				
Far East Exempt	56.8	59.1	-0.3	2.99
Smaller Co. Exempt	78.4	82.3	-0.4	4.86
U.S.A. Exempt	109.0	113.4	-0.9	3.08

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	61.6	66.2	-1.8	5.01

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	147.0	157.0	.....	11.60

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	27.3	29.4	.....	—
Commodity	86.4	93.3	.....	2.90
(Accumulation)	133.6	145.2	.....	2.90
(10% Withdrawal)	67.6	73.0	.....	2.90
Eastern & Internatl.†	29.1	31.4	.....	1.00
(6% Withdrawal)	21.8	23.5	.....	1.00

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	65.7	69.1	-0.6	4.23

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	37.6	41.1	-0.3	11.02
North American	51.0	55.1	-0.5	3.11
Canadian Exempt*	62.3	65.8	+0.9	3.61
Canadian Trust	58.9	63.7	-0.1	2.82
Mid Mount High Inc.*	50.3	53.1	-0.6	9.08
Recovery	57.2	62.4	-0.5	6.93
Gilt Trust	44.2	46.2	-0.1	10.89

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	30.6	33.0	-0.1	1.13
Cres. Internat'l.	64.0	69.1	-0.3	2.53
Cres. High. Dist.	41.4	44.7	-0.3	10.91
Cres. Reserves	47.5	51.3	.....	5.85
Cres. Tokyo	20.1	21.7	-0.1	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.9	25.3	+0.1	13.90

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. July 25	222.4	237.2	.....	5.41

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.48
Gt. Winchester O'seas	22.6	24.9	.....	4.42

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	80.9	87.0	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	82.7	87.0	-0.1	4.89

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	26.4	28.4	-0.4	1.17
Fixed Interest	25.5	26.9	.....	12.32
Growth + Income	31.2	33.6	-0.1	7.33
Special Sits.	32.9	35.4	-0.4	2.06

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	32.4	34.8	.....	1.76
Accum. Units	39.8	42.8	.....	1.76
J. Finlay High Income	35.6	38.3	.....	9.52
J. Finlay Euro.Fin.	22.1	23.8	.....	3.81
Accum. Units	27.6	29.7	.....	3.81
J. Finlay Fd.In.Tst.	37.5	40.3	.....	5.65
Accum. Units	46.3	49.7	.....	5.65

Prices on July 30. Next dealing August 6.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American Aug. 4	58.8	62.6	.....	1.05
Am. T'around Aug. 4	58.2	62.2	.....	1.86
Capital Tst.	56.6	60.4	-0.2	5.47
(Accum. Units)	57.6	61.4	-0.2	5.47
Extra Income Trust	49.6	53.0	.....	10.30
Income Tst.	38.6	41.2	-0.2	8.22
Int. Growth Fd.	49.8	53.2	-0.4	1.91
(Accum. Units)	53.0	56.6	-0.4	1.91

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	56.2	60.1	+0.1	4.64

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or -	Int.	Red.
91	82¼	Aust. 5½pc '81-82	89¾	......	6.24	13.78
85¼	72½	Do. 6pc 1981-83	84	......	7.22	12.33
67	58	N.Z. 7¼pc 1988-92	65½	......	11.16	13.14
81½	72	Do. 7½pc '83-86	80	......	9.49	12.63
96¼	88	Sth. Africa 9½pc '79-81	95¾	......	10.17	15.31
160	95	S. Rhod. 2½pc Non-Ass.	108	+13	—	26.65
169	133	Do. 6pc '78-81 N.-As.	147	+2	—	26.50

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

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CHEMICALS, PLASTICS

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DRAPERY AND STORES

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ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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Australian

Tins

Copper

Miscellaneous

650	411	Tara Exptn. $1	460	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ± Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	32	......
Bertam	16	......
Bdg'wtr. Est. 50p	440	......
Clover Croft	60	......
Craig & Rose £1	£11	......
Fife Forge	32½	......
Finlay Pkg. 5p	17	......
Graig Ship. £1	£14xd	......
Higsons Brew	75	......
Holt (Jos) 25p	258	......
I.O.M. Stm. £1	187	......
Pearce (C. H.)	465	......
Peel Mills	45	......
Sheff. Refrshmt.	103xd	+½
Sindall (Wm.)	142	......

IRISH

Conv. 9% '80/82	£92	......
Nat. 9¾% 84/89	£79¾	−⅛
Fin. 13% 97/02	£94⅝	−⅞
Alliance Gas	48	......
Arnott	200	......
Carroll (P.J.)	63	......
Clondalkin	123	......
Concrete Prods.	73	......
Heiton (Hldgs.)	28	−1
Ins. Corp.	260	......
Irish Ropes	46	......
Jacob	31	......
T.M.G.	82	−5
Unidare	75	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	7
BOC Intl.	6
B.S.R.	4½
Babcock	8
Barclays Bank	34
Beecham	10
Blue Circle	25
Boots	16
Bowaters	15
B.A.T.	20
Brown (J.)	6
Burton 'A'	10
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	15
F.N.F.C.	2¼
Gen. Accident	21
Gen. Electric	30
Glaxo	18
Grand Met.	12
G.U.S. 'A'	34
Guardian	23
G.K.N.	20
Hawker Sidd	15
House of Fraser	15
I.C.I.	27
"Imps"	6½
I.C.L.	14
Inveresk	4
Ladbroke	15
Legal & Gen.	15
Lex Service	8
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lucas Inds.	17
"Mams"	14
Mrks. & Spncr	8
Midland Bank	26
N.E.I.	5
Nat. West. Bank	27
P & O Dfd.	10
Plessey	14
Racal Elect.	22
R.H.M.	4½
Rank Org.	15
Reed Intnl.	16
Sears	5
Tesco	6
Thorn	23
Trust Houses	12
Tube Invest.	23
Unilever	40
U.D.T.	5½
Utd. Drapery	6½
Vickers	12
Woolworths	5½

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Brit. Land	7
Cap. Counties	9
Land Secs.	24
MEPC	17
Peachey	13
Samuel Props.	12
Town & City	2

Oils

Brit. Petroleum	32
Burmah Oil	20
Charterhall	10
KCA	17
Premier	13
Shell	35
Tricentrol	40
Ultramar	35

Mines

Charter Cons.	14
Cons. Gold	40
Lonrho	8
Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Wednesday August 6 1980

Carter gains a respite

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT JIMMY CARTER appears to have won himself at least a temporary respite from the travails caused by his brother Billy, as a result of a generally convincing performance at his keenly-awaited Monday night Press conference.

Even some political opponents, such as Senator Howard Baker, the Republican minority leader, praised Mr. Carter's "manner and demeanour," and the detail contained in the voluminous transcripts of Administration records listing the President's knowledge of Billy Carter's dealings with the Libyan Government.

But both Mr. Baker and Senator Robert Dole, another prominent Republican — who added that it might not now be necessary to ask the President to appear in person in front of the Senate Judiciary sub-committee investigating the Billy Carter affair — suggested that the Senate probe should continue.

If, in Mr. Baker's words, the President's statement of the facts is at variance with what the committee unearths, "it could be devastating."

There was more general agreement that Mr. Carter had strengthened his hand before his most immediate test, next week's Democratic Party Convention in New York.

An open convention, as advocated by Senator Edward Kennedy and others, was "a gross misnomer," he said.

It would produce only a "brokered" convention, rendering invalid all the votes cast by 19m Democrats in primaries and caucuses earlier this year, and wiping out a decade of progress the party had made toward a more democratic, representative system.

Mr. Carter has won more than 300 more delegates than he needs for the nomination. He said that they should not be asked to "violate" their previous pledges.

Dismissing the "open convention" drive as a Kennedy ruse, he said that those promoting alternative candidates, such as Mr. Edmund Muskie, the Secretary of State, were "interested in the promotion of somebody else"—Senator Kennedy.

Intriguingly, Mr. Robert Strauss, the President's campaign manager, dropped a hint in Colorado yesterday that if Mr. Carter won the initial and critical fight in New York next week over the rule binding delegates to a candidate for the first ballot, he might in a gesture toward party unity then free his delegates to vote as they wished, secure that by then, of course, in the knowledge he would be nominated.

In the longer run-up to the Presidential election in November, the real question is whether the President's exhaustive account of the Billy Carter affair will stand up to rigorous scrutiny of both the Senate investigation and those of the media, which feels impelled by the need not to allow another Watergate to pass unreported.

There appeared no glaring factual errors in the President's exposition, the thrust of which was that neither he nor any member of his Administration committed any impropriety or illegality, that he learned of Libyan payments to his brother only last month, and that the only occasion when Billy Carter played even a minimal policy role was in arranging a meeting with a Libyan diplomat when the U.S. was trying to get Libya to influence Iran to free the U.S. diplomatic hostages late last year.

Even here the President insisted that the initiative was his, or to be strictly accurate his wife's, and that the effor was worthwhile.

For what is is worth, the White House reported yesterday that 85 per cent of the phone calls and telegrams it had received approved of the President's exposition.

No happy home for Carter in America's Fourth Estate, Page 4

Warning on resignations at State shipbuilders

By William Hall, Shipping Correspondent

MR. ROBERT Atkinson, the chairman of British Shipbuilders, has warned the Government that several members of his board are likely to resign if the profitable warship yards are sold off to private enterprise.

He has told Ministers that any fragmentation of the industry now would have "disastrous financial and industrial consequences."

The trades unions would interpret any decision to sell off the warship yards as a "political solution of short-term advantage" and the damage to the industry's industrial relations would be "immense."

British Shipbuilders has three trades unionists as part-time members of its board—Mr. Ken Baker of the General and Municipal Workers' Union, Mr. John Chalmers of the Boilermakers and Mr. Harold Robson of the Engineers.

Mr. Atkinson met Sir Keith Joseph, the Industry Secretary, yesterday, and once again stressed that British Shipbuilders' board was not opposed to selling off parts to the private sector "in the right form and at the right time."

Mr. Atkinson, who took over as chairman only last month, wants a "period of stability" so that he can implement his plans for the industry.

He would welcome private capital into the industry when the time is ripe, but feels that any immediate decision to sell off the warship yards would threaten British Shipbuilders' viability.

The controversy over the future of British Shipbuilders' profitable warship yards is expected to come to a head this week, possibly at a Cabinet meeting tomorrow.

The Prime Minister and Mr. Michael Heseltine the Environment Secretary and a leading opponent of nationalisation four years ago, are keen to see the warship yards sold off. Other Ministers believe that an early announcement would damage the stability and morale of the shipyards.

Last week British Shipbuilders reported a trading loss of £109.9m for the year to March, 1980, and warned that it was going to overshoot its external financial limit in the current year

Case against denationalising warship yards Page 13

Fresh Cabinet split over oil funding Page 5

THE LEX COLUMN

£5bn that came in from the cold

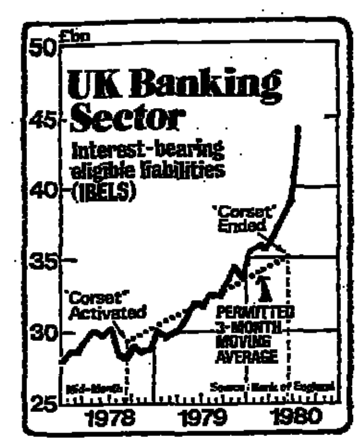
Index fell 2.5 to 480.9

The July banking figures have administered a profound shock to the gilt-edged market. The extent of the corset distortions revealed by a rise in sterling M3 of 5 per cent in a single month is chatening: quite simply, all the figures the analysts have been studying for the last year are shown to have been worthless.

The City has to adjust to a new view of history, which the monetarists in the gilt-edged market are bound to believe will influence the course of inflation in 1981. Even before the July figures are considered, upward revision of previous months' money stock levels gives a 12¼ per cent annualised rise in the February-June period. The July figure suggests an underlying rate of at least 1½ per cent, and some of the distortions that have now come to light—and will continue to emerge over the next two months—must relate to February-June. It looks as though, very crudely, annualised monetary growth has been 16 or 17 per cent since February.

This sort of figure—very much in line with the 18 per cent annual rate at which the new measure PSL1 grew in February-June — leaves the authorities' monetary target in shreds, along with the credibility of the Bank of England in administering monetary policy. It is only four months, after all, since the 7 to 1 per cent target range was supposed to be loose enough to contain all the corset jetsam on its return to the measured figures. The weakening of the real economy since the spring suggests that to raise interest rates now would be an inappropriate response. But the admission that the authorities can find no useful indication of the underlying rate of monetary growth is disturbing. Last month's one-point MLR cut now looks appallingly misjudged.

The authorities' strongest card at the moment is their success in forward sales of gilt-edged stock: for once, there is no funding crisis. But recent funding has not been all it seemed at the time—a very large amount of gilts has been sold to the banking sector, rather than to the non-banks. Some of this may have been stock bought by banks in the June banking month and hidden over make-up day, but most of it was probably purchased in banking July, the period which was almost co-terminous with the recent sharp rally in gilt-edged. Indeed, it now looks as though the freeing of the banking sector from the corset constraint was one of the main reasons for the rally.



To the extent that gilts were sold to the wrong buyers, the funding programme will eventually have to be stepped up (depending on what monetary target the Government is actually aiming at now). Luckily some of this stock may have found its way back into non-bank hands in the last couple of weeks as the market has retreated. A considerable re-adjustment has already taken place: the 13 per cent 2000 stock has fallen £5¼ from its peak. But the prospect of monetary undershoot, single-figure inflation, Friday's without tap stocks—the stock-in-trade of the gilt-edged salesman — looks as far away as ever.

Gold Fields

The Department of Trade Inspectors' report on the Consolidated Gold Fields affair carefully avoids treading on the stock market's toes. The inspectors devote themselves almost entirely to the question of the observance—or otherwise—of the 5 per cent disclosure requirements under the Companies Acts; on dawn raids the inspectors simply observe that "the Stock Exchange's "self regulatory" system is the appropriate medium for attempting to ensure equality of treatment for inspectors, large and small." The Stock Exchange's report on the same events last month had only encroached upon Government territory to the extent of a polite reminder of its 1973 recommendation that a way should be found of making the disclosure law apply to persons acting in concert.

Each side appears to be taking the other's hints seriously. Yesterday's Stock Exchange Council meeting came to the conclusion that controls on dawn raids are indeed necessary—over and above the code of conduct originally suggested—and some kind of tender system is to be worked out. As for the Inspectors, they query the adequacy of the 5 per cent disclosure provisions bearing in mind the careful (though, according to the Inspectors, not necessarily wholly successful) avoidance tactics adopted by De Beers.

The self-regulators of the Stock Exchange reported a month sooner, and produced a more comprehensive version than the often obscurely worded Inspectors' report. On the other hand, the statutory powers of the Inspectors have allowed them to gain extensive information on the complex transactions entered into by De Beers. Even though they say that De Beers throughout expressed a willingness to co-operate, they call for a strengthening of company law so that overseas residents cannot claim to be "unable" to assist because of local legislation.

Taylor Woodrow

In the Taylor Woodrow annual report released in May the chairman made much play of the difficulties of the early part of 1979. "Widespread strikes and industrial unrest in the UK coincided with an appalling winter, the worst for 30 years or more." So a pre-tax rise of only 6¼ per cent to £8.2m in the clement first half of this year is less than impressive. An unchanged interim dividend helped push the share price down 13p yesterday to 465p.

While the contribution from abroad has been static, the group has been successful in competing for scarce UK orders, albeit at pretty tight margins. Turnover is up 21 per cent overall at the halfway stage, while UK orders are now standing about 60 per cent higher than at the same time a year ago, with the Heathrow extension order providing a significant boost.

While the healthy order book will insulate the group to some extent, the orders are being executed more rapidly than in the past. So, the renewed emphasis on UK business may be hitting margins even harder next year, as the recession deepens. Nevertheless, the large property portfolio and lack of debt help to justify the group's premium rating over other construction companies. Pre-tax profits for the year should creep up 10 per cent or so, from £24.6m, to produce a prospective p/e of just below 11, fully-taxed, while the yield is about 4 per cent, assuming an unchanged dividend.

Abbey move on mortgage reports attacked

By Andrew Taylor

THE ABBEY National Building Society is to make mortgage valuation reports available to prospective house-purchasers from September 1.

The move has drawn swift condemnation from the Royal Institution of Chartered Surveyors, which said last night that it would create confusion among house-buyers.

The reports are those made on behalf of building societies, and the independent structural surveys commissioned by some house-buyers.

Building societies have traditionally declined to disclose the content of valuation reports, which they use as a check to confirm that a property is adequate security for a loan, though they charge home-buyers a fee for this service. Abbey National's fees range from about £39 for a £20,000 house to £55 for a £40,000 one.

Buyers seeking more information about structural condition of a property beyond the fact that the building society is or is not satisfied enough by its report to make a mortgage offer, must pay for an independent survey, even though some of this work duplicates that already done by the building society.

Mr. Jim Hunter, Abbey's chief surveyor, emphasised last night that the society's mortgage valuation reports should not be regarded as a substitute for a full independent structural survey.

The valuation report would make basic comments on structural defects and recommend essential repairs. It would not provide the full range of services provided by some independent structural surveys.

The aim was to help the house-buyers as much as possible. Publishing the findings of valuation reports would help ensure that quailty of valuations was maintained.

Prospective buyers will be given the society's valuation of the property.

The Royal Institution of Chartered Surveyors said yesterday that disclosure of this figure could create ill-feeling if purchasers tried to use the valuation as a basis for re-negotiating the price.

It was concerned that the report might be used as a substitute for a full structural survey. "There is a very real danger that house-buyers might misunderstand the function of the report."

France eases restrictions on takeovers by EEC companies

BY DAVID WHITE IN PARIS

FRANCE yesterday relaxed its rules for vetting takeovers by companies in ither EEC countries, following repeated complaints from its Community partners.

The change in the regulations is aimed at bringing French practice into line with EEC principles and the freedom of capital movements laid down by the Treaty of Rome.

Until now, foreign groups proposing to buy a stake of 20 per cent or more in a French company have had to seek approval from a French Treasury committee.

The committee has been free to block takeovers which it considers harmful to French interests or contrary to the Government's industrial strategy.

In the past two years, it has effectively prevented important takeovers by British and West German companies in the motor components, television set rental and electrical industries in order to make way for "French solutions."

The new rules, published in yesterday's Official Journal, scrap the authorisation requirement in the case of EEC companies. Foreign investors wil linstead be required simply to inform the Government and will automatically be free to go ahead after two months.

But the Government reserves the right to refuse takeovers if they are considered to endanger public order, public health or the country's defence interests. It will also examine each case to ensure that the companies involved are genuinely based within the EEC and are not acting as "Trojan horses" on behalf of interests outside the Nine.

The easing of the rules, which has been awaited for several months, may affect the outcome of a number of pending takeover plans. Investments which have been blocked include the British Beecham group's bid for Parfums Givenchy, the prestige French perfume concern. This has been outstanding since autumn 1978.

Ranks Hovis McDougall is also believed to have been awaiting Government auhorisation to increase its French bakery interests.

A bid by Thorn Electrical of the UK to take over France's biggest TV rental company, Locatel, was blocked by the Government last year because it was feared it might undermine French ambitions in the industry.

Bowater makes final bid for aid

BY JOHN ELLIOTT AND WILLIAM HALL

THE GOVERNMENT has to decide within the next few days whether to mount its first major industrial rescue and provide aid to Bowater UK to prevent the closure of the country's largest newsprint mill.

Lord Trenchard, Minister of State for Industry, is meeting Dr. Ingram Lenton, Bowater's chief executive, today when the company will make a final bid to obtain support of at least £7m for its Ellesmere Port, Cheshire, mill which is losing about £5m a year.

If support is not forthcoming before Parliament rises for the summer recess on Friday, a decision to close the mill is likely early next week. This will be spelt out in detail to Lord Trenchard today by Dr. Lenton who will warn that 1,500 jobs are at risk.

Some Ministers and senior civil servants are believed to be sympathetic to Bowater's problems which centre on escalating energy costs. Aid could be provided under the Industry Act, 1972, because jobs would be safeguarded within an assisted area.

But providing State funds to stave off a closure runs totally counter to the policies of Sir Keith Joseph, Industry Secretary. It would be seen as a far more significant "U turn" than other recent announcements about aid for the steel industry, Harland and Wolff, and for Dunlop which is being helped with an investment and modernisation programme.

Dr. Lenton said yesterday that he was looking for straight revenue help. He wants the mill's energy costs to be brought down to the average price paid by his Canadian and Scandinavian competitors. This would mean Bowater paying £7.5m a year less for its energy.

Dr. Lenton said that unless the Government came forward with some assistance towards Ellesmere's energy costs the mill would almost certainly close. After hearing Lord Trenchard's views he will consult his colleagues, and the Bowater Board will take a decision on the future of the mill early next week.

Industry anger at energy squeeze, Page 12

Continued from Page 1

Money supply

public sector, which had been run down during the corset period.

The banks increased their holdings of gilt-edged stocks by a substantial amount after the end of the corset.

This suggests that sales of gilts to the non-bank private sector (financial institutions and the public) needed to match Government borrowing may have been much smaller than previously estimated.

This in turn suggests that the Government will have to re-assess its funding programme, even though larg eamounts of money will be received in the next few weeks on earlier sales of gilts.

Th need to sell more gilts could create problems for the authorities toward the end of next month.

Continued from Page 1

Closed shop

essential supplies and the provision of essential services during disputes. Both codes explain existing legislation covering picketing and closed shops.

Mr. James Prior, Employment Secretary, said the codes will reinforce and underline "the increased protection which the Employment Act has provided to individual employees and employers against abuses of the closed shop and picketing."

Weather

UK TODAY

DRY at first in E. and Central England; rain spreading from W.

London, S.E. and Cent. S. England, Channel Isles, Midlands, E. Anglia
Bright at first, rain spreading from West. Max. 19-20C (66-68F).

E., N.E. and Cent. N. England
Sunny intervals, rain later. Max 18C (64F).

S.W. and N.W. England, Wales, I. of Man
Occasional rain, hill fog. Max 17-18C (63-64F).

Lakes, S.W. Scotland, N. Ireland
Bright intervals, rain later. Max. 17C (63F).

Rest of Scotland, except Moray and N.E.
Showers, sunny intervals. Max. 16-17C (61-63F).

Moray, N.E. Scotland, Orkney, Shetland
Rain, coastal fog. Max. 14C (57F).

Outlook: Brighter, cooler; showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	L. Pms.	S	28	82
Algiers	S	29	84	Lisbon	S	28	82
Amsdm.	F	20	68	Locarno	F	30	86
Athens	S	33	91	London	C	20	68
Bahrain	S	35	95	Luxmbg.	C	20	68
Barclna.	S	28	82	Madrid	S	34	93
Beirut	S	31	88	Majorca	S	30	86
Belfast	C	16	61	Malaga	S	27	81
Belgrd.	S	32	90	Malta	S	33	91
Berlin	C	25	77	M'chstr	C	19	63
Biarritz	S	24	75	Melbne.	S	13	55
Bmghm.	C	17	63	Mex. C.	C	16	61
Blackpl.	C	16	61	Milan	S	32	90
Bordx.	C	24	75	Moscow	R	20	68
Boulgn.	F	17	63	Munich	F	26	79
Bristol	R	17	63	Nairobi	C	20	68
Brussels	F	20	68	Naples	S	33	91
Budpst.	S	32	90	Nwcstl.	F	18	64
B. Aires	S	16	61	Nice	S	28	82
Cairo	S	34	93	Nicosia	S	33	91
Cardiff	R	15	59	Oporto	S	23	73
Cas'b'ca	S	25	77	Oslo	C	20	68
Cape T.	C	17	63	Paris	F	24	75
Cologne	C	23	73	Perth	R	16	61
Cpnhgn.	C	20	68	Prague	F	26	79
Corfu	S	32	90	Reykjvk.	C	14	57
Dublin	F	18	64	Rhodes	S	31	88
Dbrvnk.	S	31	88	Rio J'o	S	25	77
Ednbgh.	C	19	66	Rome	S	31	88
Faro	S	28	82	Salzbrg.	S	28	82
Florence	S	34	93	Singapr.	C	29	84
Frankft.	C	21	70	Stckhm.	F	23	73
Funchal	S	26	79	Strasbg.	C	23	73
Geneva	F	25	77	Sydney	S	17	63
Gibrltr.	S	25	77	Tangier	S	31	88
Glasgow	C	17	63	Tehran	S	32	90
G'nsey	C	17	63	Tel Aviv	S	30	86
Helsinki	R	20	68	Tenerife	S	34	93
H. Kong	R	31	88	Tokyo	C	24	75
Innsbrk.	S	29	84	Tunis	S	31	88
Invrnss.	C	17	63	Valencia	F	29	84
I.o.Man	C	17	63	Venice	S	30	86
Istanbul	S	30	86	Vienna	S	30	86
Jersey	F	18	64	Warsaw	F	26	79
Jo'burg	S	15	59	Zurich	F	24	75

C—Cloudy. F—Fair. R—Rain. S—Sunny.

U.S. customs officials dig in for threatened battle of the Burberry

Flap over trench coat warfare

BY RHYS DAVID, TEXTILES CORRESPONDENT

LONG after it ceased to have any military significance the trench coat is faced with a new battle—with the U.S. Customs authority. At stake are its distinctive features, the epaulettes, flaps, straps and other attachments which do little to keep the rain off but say a lot about the inner man, or at least his ability to pay for one of the British clothing industry's best-known and highest-priced products.

Within the next few days the U.S. Customs service will publish proposals which are expected to categorise the Burberry and its rivals as ornamented clothing. The insult to all its stylish wearers would be enough, but the real damage will be the extra tariff this will entail—35 per cent compared with 8 per cent for unornamented clothing.

The total value of the trade to UK manufacturers—famous names such as Aquascutum and Grenfell as well as Burberry—is believed to be under £1m out of total UK clothing exports to the U.S. last year of £35m. For the individual companies concerned, however, sales to the U.S. are a significant part of total trade.

The issue follows a decision earlier this year by the U.S. Customs Court that Highland jackets—worn by Scottish Americans on Burns night, New Year's Eve and other lively Celtic occasions—were, by virtue of their silver braided epaulettes, ornamented.

The U.S. Customs authorities are claiming that, because of this decision, they have been obliged to reconsider all other garments with epaulettes. But British clothing interests fear the moves may have another explanation. For the American authorities are still far from happy over the imposition by the EEC of curbs on U.S. fibre exports to Britain, and seizing the British clothing industry by its epaulettes is seen as possibly part of the counter-attack.

The question that the British Clothing Industries Association — urgently engaged over the past few weeks in alerting members to the threat—is asking is: where will it all end? After trench coats, will bush and safari jackets and other military garments be next in line for humiliation? Could pocket flaps or cuff buttons on suits be doomed to extinction, with the clothing industry forced to go back to real rather than false lapel button holes?

In defence of the trench coat Britain has made representations through the Department of Trade to the U.S., and has wheeled out the EEC Commission. The Brussels authorities have sent a diplomatic note to the Americans and have taken up the matter with Mr. Reubin Askew, the U.S. Special Trade Representative.

If this pressure fails it will be a setback but supporters of the trench coat believe the Americans, in attempting to deal a blow to a famous product, may just have overlooked one small thing. Epaulettes on the best trench coats are not sewn on but looped through. The British clothing industry will make sure the trench coat with all its attachments gets through, even if the crucial pieces have to be sent on in the post and restored to their rightful place by the customer.

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